

Trends in Texas Government Finance

1984 — 2009

Submitted to the 77th Legislature
January 2001

Legislative Budget Board

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State Revenues and Expenditures

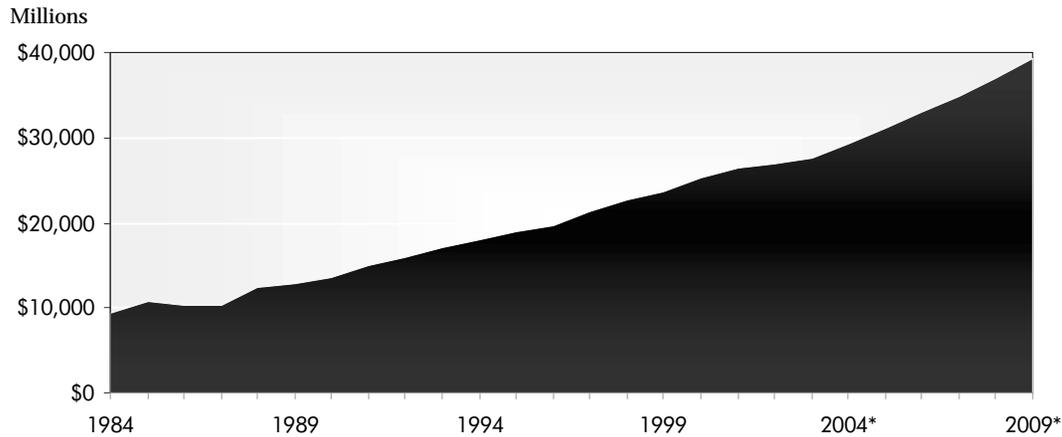
The need for services from government grows with the population, and the cost of providing these services grows with inflation. Adjusted for these growth factors, the ability of Texas state government to provide all current services will decrease, assuming current tax rates and no major new revenue streams.

Adjusted for inflation, total state revenues per capita will decrease slightly.

Much of the recent growth in state-generated revenues has come from the lottery and increased tax revenues, including sales and other taxes. In 1998, Texas ranked forty-eighth among the 50 states in tax revenue per capita.

Federal receipts have had a major role in the growth in state revenues. Future growth in federal receipts is expected, although congressional and legislative action may result in a lower growth rate.

State Tax Revenues



Between 1984 and 1992, growth in state tax revenue was due primarily to rate increases and base expansion.

Growth after 1992 is primarily from economic growth.

In Millions

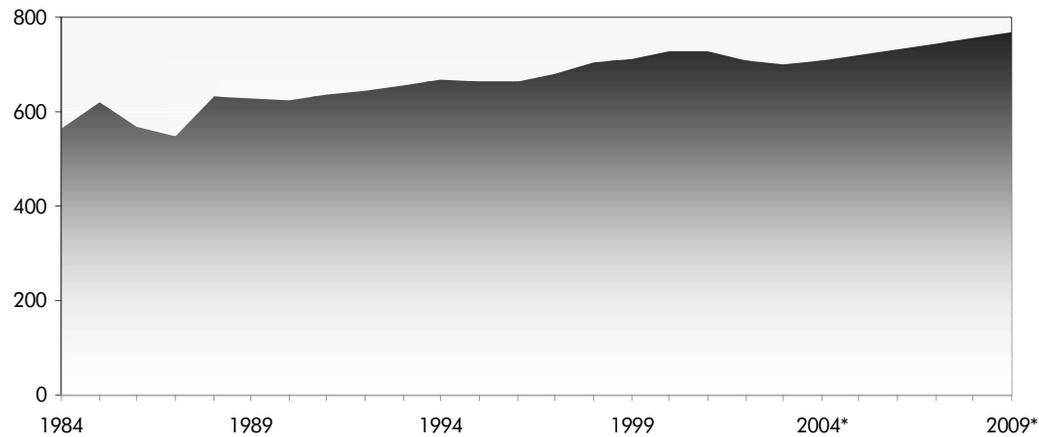
Fiscal Year	Tax Revenue	Percentage Increase	Fiscal Year	Tax Revenue	Percentage Increase	Fiscal Year	Tax Revenue	Percentage Increase
1984	\$9,306	NA	1990	\$13,633	5.6	2000	\$25,284	7.1
1985	10,721	15.2	1991	14,922	9.5	2001*	26,484	4.7
1986	10,232	(4.6)	1992	15,849	6.2	2002*	26,830	1.3
1987	10,266	0.3	1993	17,011	7.3	2003*	27,654	3.1
1988	12,365	20.4	1994	18,106	6.4	2004*	29,321	6.0
1989	12,906	4.4	1995	18,859	4.2	2005*	31,089	6.0
			1996	19,763	4.8	2006*	32,964	6.0
			1997	21,188	7.2	2007*	34,951	6.0
			1998	22,634	6.8	2008*	37,059	6.0
			1999	23,615	4.3	2009*	39,293	6.0

SOURCES: Legislative Budget Board; Comptroller of Public Accounts (1989, 1993, 1996, and 2000 Annual Cash Reports; 2002–03 Biennial Revenue Estimate).

NOTES: Years 2004–09 projected from 1997–2001 average growth.

*Projections

State Tax Revenues Per Capita, Constant Dollars



Fiscal Year	Tax Revenue Per Capita	Tax Revenue Per Capita Constant Dollars	Consumer Price Index	Percentage Change CPI	Fiscal Year	Tax Revenue Per Capita	Tax Revenue Per Capita Constant Dollars	Consumer Price Index	Percentage Change CPI
1984	\$582	\$566	102.9	NA	1997	\$1,090	\$682	159.9	2.7
1985	660	619	106.7	3.7	1998	1,145	705	162.5	1.6
1986	620	567	109.3	2.5	1999	1,181	713	165.6	1.9
1987	618	549	112.5	2.9	2000	1,243	728	170.7	3.1
1988	742	633	117.1	4.1	2001*	1,280	730	175.4	2.7
1989	768	627	122.6	4.7	2002*	1,274	709	179.7	2.5
1990	803	623	128.8	5.0	2003*	1,291	700	184.4	2.6
1991	860	636	135.3	5.1	2004*	1,346	710	189.5	2.7
1992	898	644	139.3	3.0	2005*	1,403	721	194.7	2.7
1993	943	657	143.6	3.1	2006*	1,462	732	199.8	2.6
1994	985	669	147.4	2.6	2007*	1,524	744	204.8	2.5
1995	1,007	665	151.5	2.8	2008*	1,589	757	210.0	2.5
1996	1,033	663	155.8	2.8	2009*	1,656	769	215.3	2.5

SOURCES: Comptroller of Public Accounts (1989, 1993, 1996, and 2000 Annual Cash Reports, 2002-03 Biennial Revenue Estimate; Fall 2000 Economic Forecast); Texas State Data Center.

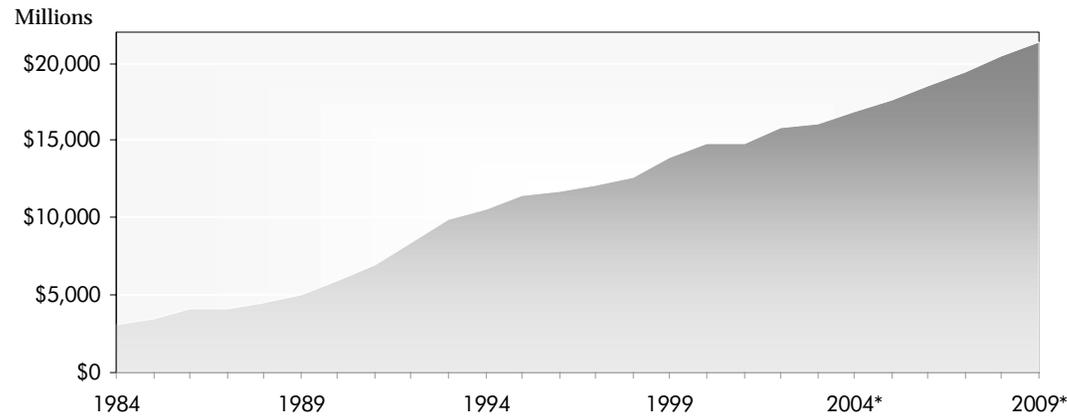
NOTE: For Consumer Price Index (CPI), 1982-84 = 100.

*Projections

Actual tax revenues have shown and will continue to show modest growth.

When adjusted for population and inflation, Texas tax revenues are projected to increase after a small decline.

Federal Receipts



In Millions

Fiscal Year	Federal Receipts	Percentage Increase	Fiscal Year	Federal Receipts	Percentage Increase	Fiscal Year	Federal Receipts	Percentage Increase
1984	\$3,115	NA	1990	\$5,930	17.6	2000	\$14,799	(0.1)
1985	3,470	11.4	1991	6,964	17.4	2001*	14,788	7.1
1986	4,109	18.4	1992	8,417	20.9	2002*	15,845	1.5
1987	4,078	(0.8)	1993	9,853	17.1	2003*	16,079	4.9
1988	4,515	10.7	1994	10,552	7.1	2004*	16,862	4.9
1989	5,043	11.7	1995	11,408	8.1	2005*	17,684	4.9
			1996	11,658	2.2	2006*	18,545	4.9
			1997	12,128	4.0	2007*	19,449	4.9
			1998	12,632	4.2	2008*	20,396	4.9
			1999	13,926	10.2	2009*	21,390	4.9

SOURCES: Legislative Budget Board; Comptroller of Public Accounts (*1989, 1993, 1996, and 2000 Annual Cash Reports; 2002-03 Biennial Revenue Estimate*).

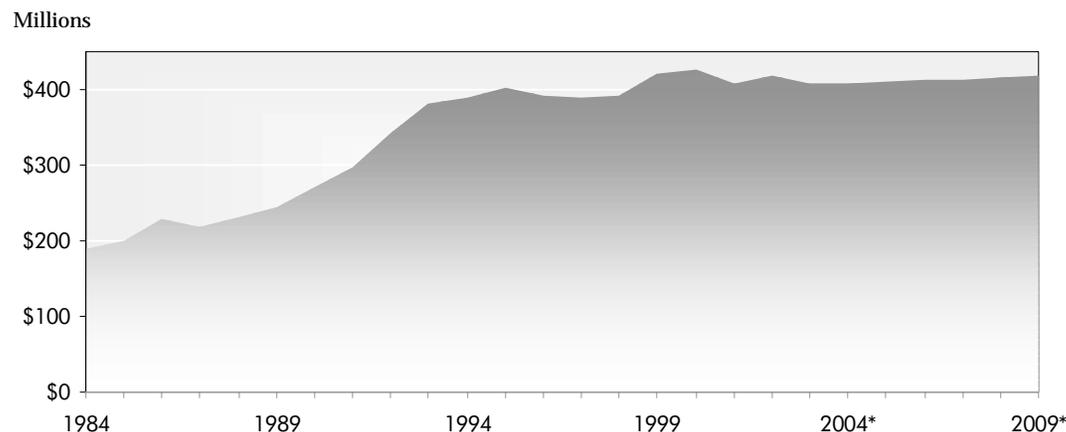
NOTES: Years 2004-09 projected from 1997-2001 average growth.

*Projections

Texas has aggressively and successfully pursued federal funding for the past decade.

Projections show continued growth; however, growth depends on future congressional action.

Federal Receipts Per Capita, Constant Dollars



In Millions

Fiscal Year	Federal Receipts Per Capita	Federal Receipts Per Capita Constant Dollars	Fiscal Year	Federal Receipts Per Capita	Federal Receipts Per Capita Constant Dollars	Fiscal Year	Federal Receipts Per Capita	Federal Receipts Per Capita Constant Dollars
1984	\$195	\$190	1990	\$349	\$271	2000	\$727	\$426
1985	214	200	1991	401	297	2001*	714	407
1986	249	228	1992	477	342	2002*	752	419
1987	245	218	1993	546	381	2003*	751	407
1988	271	231	1994	574	390	2004*	774	408
1989	300	245	1995	609	402	2005*	798	410
			1996	609	391	2006*	823	412
			1997	624	390	2007*	848	414
			1998	639	393	2008*	875	416
			1999	696	421	2009*	902	419

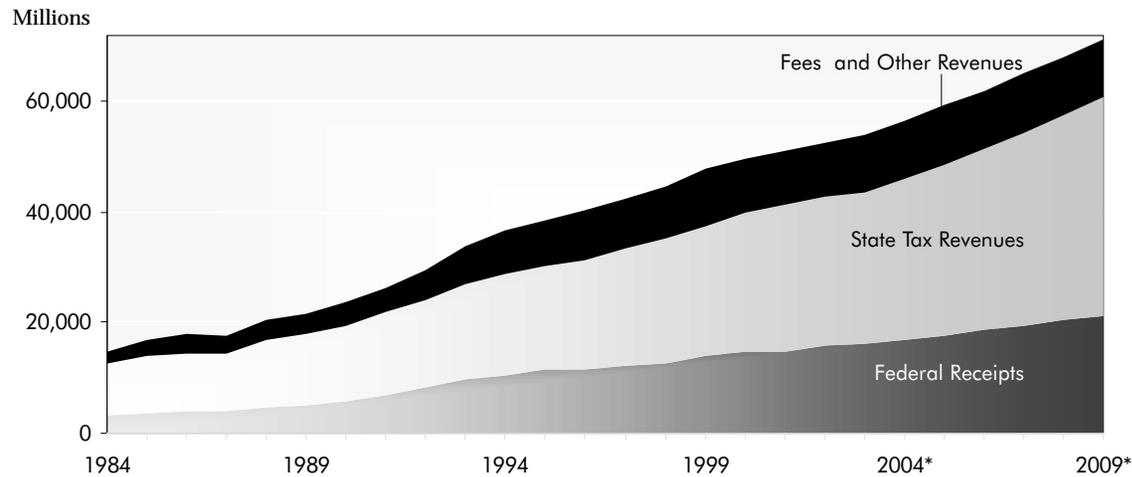
SOURCES: Comptroller of Public Accounts (1989, 1993, 1996, and 2000 Annual Cash Reports; 2002-03 Biennial Revenue Estimate; Fall 2000 Economic Forecast); Texas State Data Center.

*Projections

Federal receipts will follow the trend in total receipts.

Adjusted for population and inflation, they will increase slightly after 2003.

All State Revenues



State revenues have increased every year of this study except 1987. They are projected to continue rising.

Much of the growth will be in federal monies.

In Millions

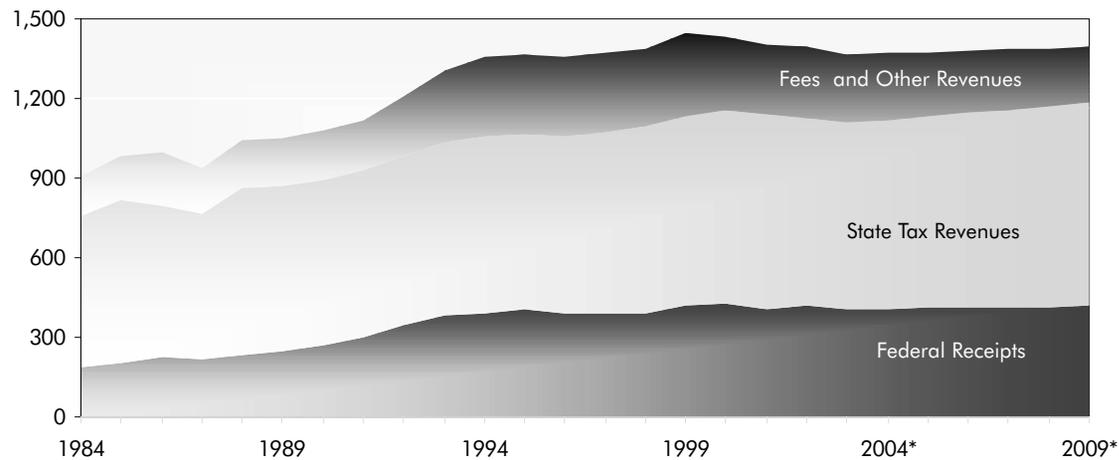
Fiscal Year	Federal Receipts	State Tax Revenues	Fees and Other Revenues	All Revenues	Fiscal Year	Federal Receipts	State Tax Revenues	Fees and Other Revenues	All Revenues
1984	\$3,115	\$9,306	\$2,501	\$14,922	1997	\$12,128	\$21,188	\$9,333	\$42,649
1985	3,470	10,721	2,789	16,980	1998	12,632	22,634	9,231	44,497
1986	4,109	10,232	3,611	17,952	1999	13,926	23,615	10,399	47,940
1987	4,078	10,266	3,180	17,524	2000	14,799	25,284	9,763	49,846
1988	4,515	12,365	3,477	20,357	2001*	14,788	26,484	9,733	51,005
1989	5,043	12,906	3,708	21,657	2002*	15,845	26,830	10,036	52,711
1990	5,930	13,633	4,059	23,622	2003*	16,079	27,654	10,318	54,051
1991	6,964	14,922	4,304	26,190	2004*	16,862	29,321	10,422	56,606
1992	8,417	15,849	5,382	29,648	2005*	17,684	31,089	10,508	59,281
1993	9,853	17,011	6,931	33,795	2006*	18,545	32,964	10,574	62,083
1994	10,552	18,106	8,049	36,707	2007*	19,449	34,951	10,618	65,018
1995	11,408	18,859	8,415	38,682	2008*	20,396	37,059	10,636	68,091
1996	11,658	19,763	9,067	40,488	2009*	21,390	39,293	10,626	71,310

SOURCES: Legislative Budget Board; Comptroller of Public Accounts (1989, 1993, 1996, and 2000 Annual Cash Reports; 2002-03 Biennial Revenue Estimate).

NOTES: State revenues for years 2004-09 projected from 1997-2001 five-year average growth.

*Projections

All State Revenues Per Capita, Constant Dollars



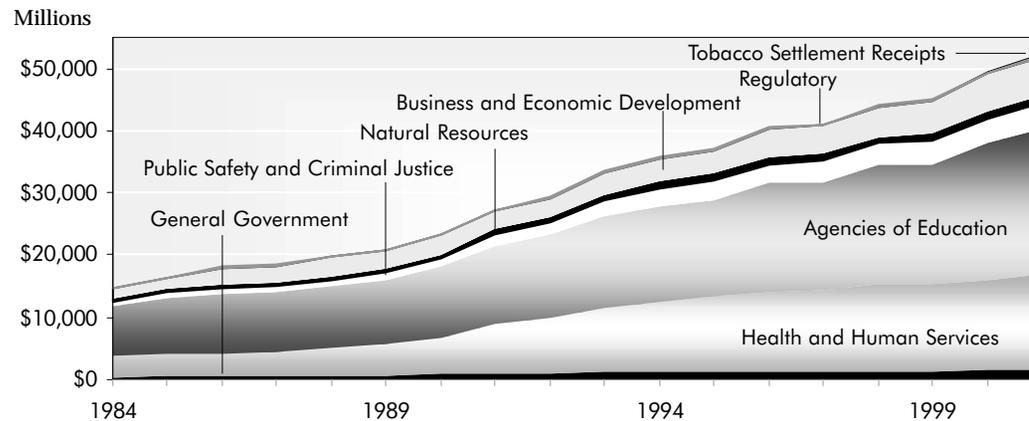
Adjusted for inflation, all state revenues per capita are projected to increase after 2003.

Fiscal Year	Federal Receipts	State Tax Revenues	Fees and Other Revenues	All Revenues	Fiscal Year	Federal Receipts	State Tax Revenues	Fees and Other Revenues	All Revenues
1984	\$190	\$566	\$152	\$908	1997	\$390	\$682	\$300	\$1,372
1985	200	619	161	980	1998	393	705	287	1,386
1986	228	567	200	994	1999	421	713	314	1,448
1987	218	549	170	938	2000	426	728	281	1,435
1988	231	633	178	1,043	2001*	407	730	268	1,405
1989	245	627	180	1,051	2002*	419	709	265	1,393
1990	271	623	186	1,080	2003*	407	700	261	1,368
1991	297	636	183	1,116	2004*	408	710	252	1,371
1992	342	644	219	1,205	2005*	410	721	244	1,374
1993	381	657	268	1,305	2006*	412	732	235	1,379
1994	390	669	297	1,355	2007*	414	744	226	1,384
1995	402	665	297	1,364	2008*	416	757	217	1,390
1996	391	663	304	1,359	2009*	419	769	208	1,396

SOURCES: Legislative Budget Board; Comptroller of Public Accounts (1989, 1993, 1996, and 2000 Annual Cash Reports; 2002-03 Biennial Revenue Estimate; Fall 2000 Economic Forecast); Texas State Data Center.

* Projections

State Government Expenditures by Function



SOURCE: Legislative Budget Board.

NOTES: For 1984–1992, items that are now appropriated at the end of articles and were formerly shown as General Government expenditures have been allocated to the articles. For this table, the General Government function has been modified to include The Judiciary and The Legislative functions.

Recent increases
in criminal justice
should level out,
leaving education and
health and human
services as the main
growth areas
for state government
expenditures.

State Government Expenditures by Function

In Millions

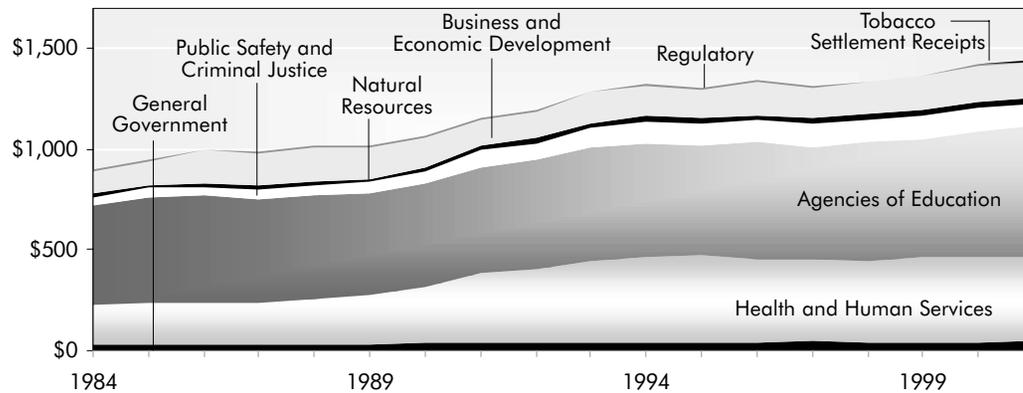
Fiscal Year	General Government	Health and Human Services	Education	Public Safety and Criminal Justice	Natural Resources	Business and Economic Development	Regulatory	Tobacco Settlement Receipts	Total
1984	\$473	\$3,339	\$8,020	\$704	\$242	\$1,873	\$90	NA	\$14,740
1985	489	3,569	9,200	799	229	2,063	100	NA	16,449
1986	513	3,724	9,607	872	256	2,994	108	NA	18,073
1987	508	3,975	9,650	892	288	2,988	115	NA	18,416
1988	578	4,382	10,085	1,041	302	3,322	140	NA	19,850
1989	672	4,932	10,467	1,160	297	3,220	155	NA	20,904
1990	825	6,015	11,253	1,374	377	3,354	176	NA	23,373
1991	946	8,138	12,352	1,973	430	3,200	187	NA	27,226
1992	1,088	8,880	13,423	1,924	589	3,281	183	NA	29,368
1993	1,151	10,336	14,666	2,562	598	3,916	188	NA	33,416
1994	1,147	11,334	15,300	3,011	748	4,038	190	NA	35,769
1995	1,169	12,200	15,395	3,252	791	4,002	196	NA	37,004
1996	1,234	12,253	17,527	3,042	791	4,943	197	NA	39,986
1997	1,396	12,763	17,286	3,616	811	4,820	200	NA	40,892
1998	1,262	12,907	19,239	3,439	812	5,146	209	NA	43,014
1999	1,387	13,957	19,506	3,766	849	5,598	212	3	45,278
2000	1,504	14,480	21,918	3,990	937	6,285	223	128	49,464
2001*	1,632	15,397	23,322	4,095	975	6,446	306	290	52,462

SOURCE: Legislative Budget Board.

NOTES: For 1984–1992, items that are now appropriated at the end of articles and were formerly shown as General Government expenditures have been allocated to the articles. For this table, the General Government function has been modified to include The Judiciary and The Legislative functions.

*Projections

State Government Expenditures by Function Per Capita, Constant Dollars



SOURCES: Legislative Budget Board; Comptroller of Public Accounts (*Fall 2000 Economic Forecast*); Texas State Data Center.

NOTES: For 1984–1992, items that are now appropriated at the end of articles and were formerly shown as General Government expenditures have been allocated to the articles. For this table, the General Government function has been modified to include The Judiciary and The Legislative functions.

Expenditures, adjusted for inflation and population, have held constant except for federal programs, education, and criminal justice.

State Government Expenditures by Function Per Capita, Constant Dollars

Fiscal Year	General Government	Health and Human Services	Education	Public Safety and Criminal Justice	Natural Resources	Business and Economic Development	Regulatory	Tobacco Settlement Receipts	Total
1984	\$29	\$203	\$488	\$43	\$15	\$114	\$5	NA	\$897
1985	28	206	531	46	13	119	6	NA	949
1986	28	206	532	48	14	166	6	NA	1,001
1987	27	213	516	48	15	160	6	NA	985
1988	30	224	517	53	15	170	7	NA	1,017
1989	33	239	508	56	14	156	8	NA	1,015
1990	38	275	514	63	17	153	8	NA	1,069
1991	40	347	526	84	18	136	8	NA	1,160
1992	44	361	546	78	24	133	7	NA	1,194
1993	44	399	566	99	23	151	7	NA	1,291
1994	42	418	565	111	28	149	7	NA	1,321
1995	41	430	543	115	28	141	7	NA	1,304
1996	41	411	588	102	27	166	7	NA	1,342
1997	45	411	556	116	26	155	6	NA	1,316
1998	39	402	599	107	25	160	6	NA	1,340
1999	42	421	589	114	26	169	6	0	1,367
2000	43	417	631	115	27	181	6	4	1,424
2001*	45	424	643	113	27	178	8	8	1,445

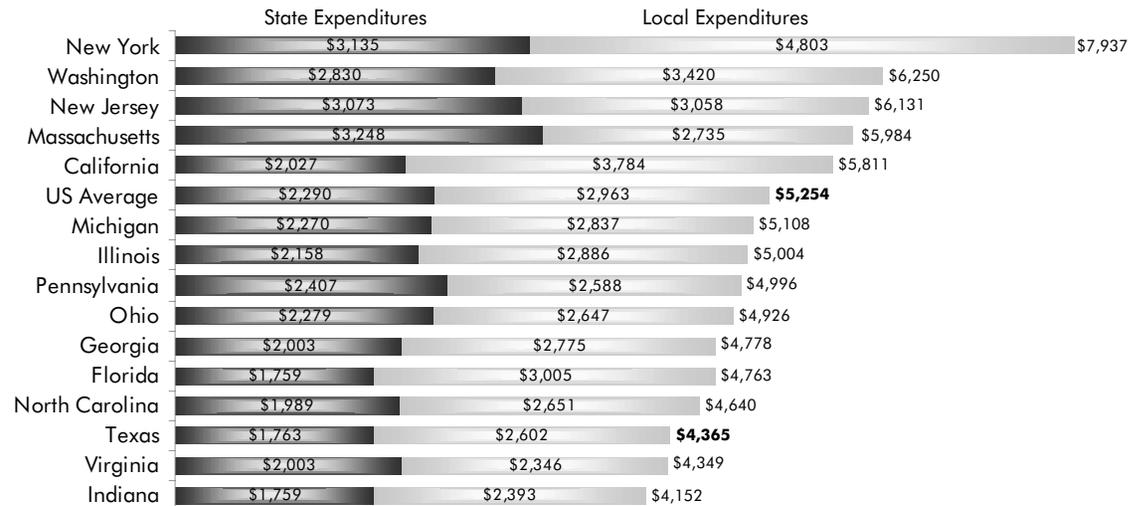
SOURCES: Legislative Budget Board; Comptroller of Public Accounts (*Fall 2000 Economic Forecast*); Texas State Data Center.

NOTES: For 1984–1992, items that are now appropriated at the end of articles and were formerly shown as General Government expenditures have been allocated to the articles. For this table, the General Government function has been modified to include The Judiciary and The Legislative functions.

*Projections

State and Local Government Direct Expenditures Per Capita

1996 Rankings of the 15 Most-populous States



Per capita,
Texas spends less
on local and state
government
than all
but two of the
15 most-populous states.

State	State Expenditures	Local Expenditures	State and Local Expenditures
New York	\$3,135	\$4,803	\$7,937
Washington	2,830	3,420	6,250
New Jersey	3,073	3,058	6,131
Massachusetts	3,248	2,735	5,984
California	2,027	3,784	5,811
US Average	2,290	2,963	5,254
Michigan	2,270	2,837	5,108
Illinois	2,158	2,886	5,044
Pennsylvania	2,407	2,588	4,996
Ohio	2,279	2,647	4,926
Georgia	2,003	2,775	4,778
Florida	1,758	3,005	4,763
North Carolina	1,989	2,651	4,640
Texas	1,763	2,602	4,365
Virginia	2,003	2,346	4,349
Indiana	1,759	2,393	4,152

SOURCE: US Bureau of the Census.

NOTE: Direct expenditures exclude intergovernmental transfers.

Population and Income

The state's population is growing and will continue to grow faster than the national average.

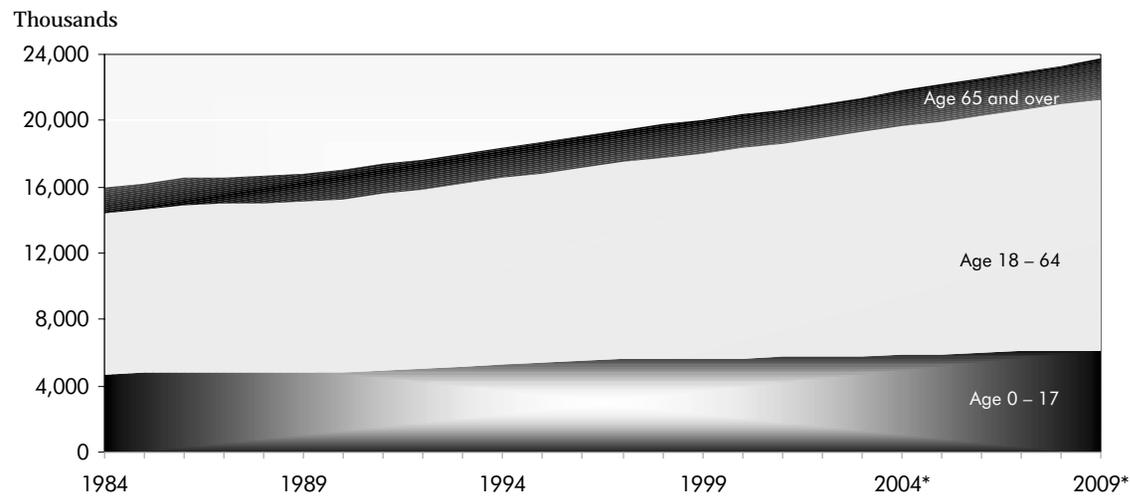
Hispanic Americans are the fastest-growing cultural group in our population.

The average age of our population is increasing, and the 18 to 64 age category will have the largest growth in terms of rate and total number. Growth in this, the wage-earning category, is fueling the growth in personal income.

Population growth is one of the major factors in the growth of the Texas economy. Population growth also significantly affects the cost of state government.

Personal income of Texans in real (constant) dollars has grown and will continue to grow. It continues to be lower than the national average.

Texas Population by Age Group



SOURCES: Texas State Data Center; Texas Department of Health (*Census Bureau File of Modified Age/Race/Sex Totals for Texas*).
*Projections

After a period of slow growth in the 1980s, the Texas population has grown steadily and is projected to continue growing during the next 10 years.

Texas Population by Age Group

In Thousands

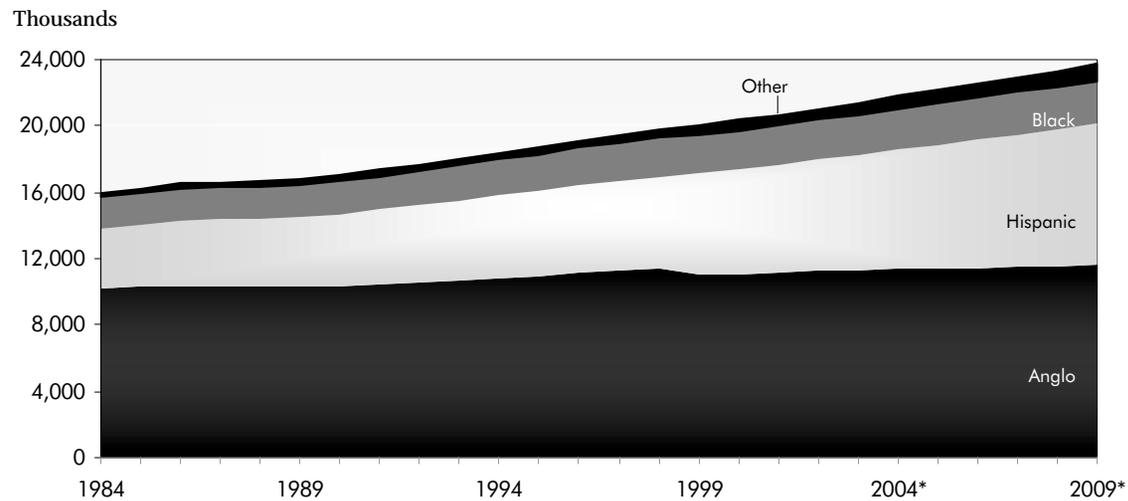
Fiscal Year	Age 0 – 17	Age 18 – 64	Age 65 and over	Total
1984	4,729	9,682	1,567	15,977
1985	4,780	9,863	1,599	16,243
1986	4,832	10,048	1,633	16,513
1987	4,834	10,131	1,650	16,615
1988	4,822	10,184	1,662	16,669
1989	4,831	10,283	1,682	16,796
1990	4,857	10,421	1,708	16,987
1991	4,972	10,617	1,760	17,349
1992	5,076	10,781	1,798	17,656
1993	5,198	10,999	1,834	18,031
1994	5,311	11,200	1,867	18,378
1995	5,406	11,417	1,902	18,724
1996	5,529	11,663	1,936	19,128
1997	5,618	11,862	1,960	19,439
1998	5,692	12,082	1,985	19,760
1999*	5,587	12,410	1,999	19,995
2000*	5,651	12,663	2,031	20,345
2001*	5,702	12,933	2,063	20,698
2002*	5,761	13,204	2,091	21,057
2003*	5,819	13,477	2,124	21,420
2004*	5,875	13,754	2,159	21,789
2005*	5,939	14,023	2,201	22,163
2006*	6,004	14,288	2,251	22,543
2007*	6,071	14,559	2,298	22,929
2008*	6,134	14,821	2,367	23,322
2009*	6,177	15,105	2,439	23,721

SOURCES: Texas State Data Center; Texas Department of Health (*Census Bureau File of Modified Age/Race/Sex Totals for Texas*).

*Projections

The percentage of the population aged 0 to 17 is projected to continue decreasing slightly.

Texas Population by Ethnic Group



SOURCES: Texas State Data Center; Texas Department of Health (*Census Bureau File of Modified Age/Race/Sex Totals for Texas*).
*Projections

Texas passed
the milestone of
20 million inhabitants
in 2000.

Texas Population by Ethnic Group

In Thousands

Fiscal Year	Anglo	Hispanic	Black	Other	Total
1984	10,177	3,644	1,886	270	15,977
1985	10,265	3,779	1,914	285	16,243
1986	10,352	3,917	1,941	302	16,513
1987	10,333	4,018	1,950	315	16,615
1988	10,283	4,107	1,952	328	16,669
1989	10,277	4,215	1,963	342	16,796
1990	10,308	4,340	1,981	357	16,987
1991	10,456	4,497	2,022	374	17,349
1992	10,561	4,643	2,061	391	17,656
1993	10,698	4,815	2,107	411	18,031
1994	10,831	4,979	2,141	427	18,378
1995	10,972	5,125	2,186	441	18,724
1996	11,145	5,297	2,225	461	19,128
1997	11,264	5,444	2,256	475	19,439
1998	11,387	5,593	2,286	494	19,760
1999*	11,035	6,084	2,282	594	19,995
2000*	11,100	6,302	2,315	627	20,345
2001*	11,164	6,526	2,347	661	20,698
2002*	11,225	6,754	2,380	698	21,057
2003*	11,285	6,987	2,412	736	21,420
2004*	11,343	7,226	2,444	776	21,789
2005*	11,400	7,469	2,476	818	22,163
2006*	11,456	7,718	2,508	862	22,543
2007*	11,511	7,971	2,539	908	22,929
2008*	11,565	8,230	2,571	956	23,322
2009*	11,618	8,495	2,603	1,005	23,721

SOURCES: Texas State Data Center; Texas Department of Health (*Census Bureau File of Modified Age/Race/Sex Totals for Texas*).

*Projections

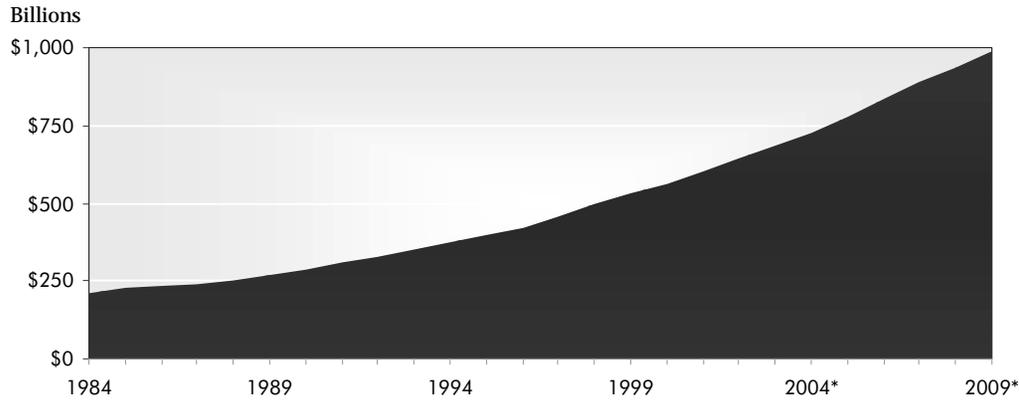
As a percentage
of the Texas population,

Anglo Americans
are decreasing,

Hispanic Americans
are increasing, and

African Americans
are remaining
relatively constant.

Texas Personal Income



Personal income
in Texas
has increased
each year of this study.

Personal income
is projected to
increase
through 2009
at an average rate
of 6.1 percent
per year.

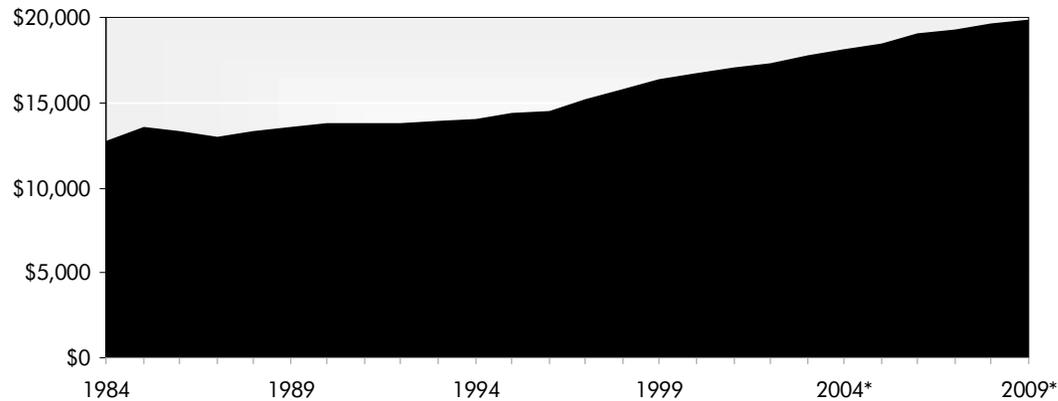
In Billions

Fiscal Year	Personal Income	Percent Increase in Personal Income	Fiscal Year	Personal Income	Percent Increase in Personal Income	Fiscal Year	Personal Income	Percent Increase in Personal Income
1984	\$209	NA	1990	\$288	7.6	2000	\$564	7.0
1985	228	8.7	1991	308	7.0	2001*	602	7.0
1986	236	3.5	1992	328	6.5	2002*	641	7.0
1987	237	0.5	1993	350	6.6	2003*	682	6.4
1988	249	5.2	1994	372	6.1	2004*	727	6.6
1989	268	7.6	1995	397	6.8	2005*	777	6.8
			1996	422	6.2	2006*	834	7.4
			1997	459	8.8	2007*	886	6.1
			1998	499	8.7	2008*	936	5.7
			1999	531	6.4	2009*	991	5.8

SOURCE: Regional Financial Associates, November 2000; Comptroller of Public Accounts (*Fall 2000 Economic Forecast*).

*Projections

Texas Personal Income Per Capita, Constant Dollars



Texas
per capita
personal income
was lower than
the national average
of \$26,368 in 1998.

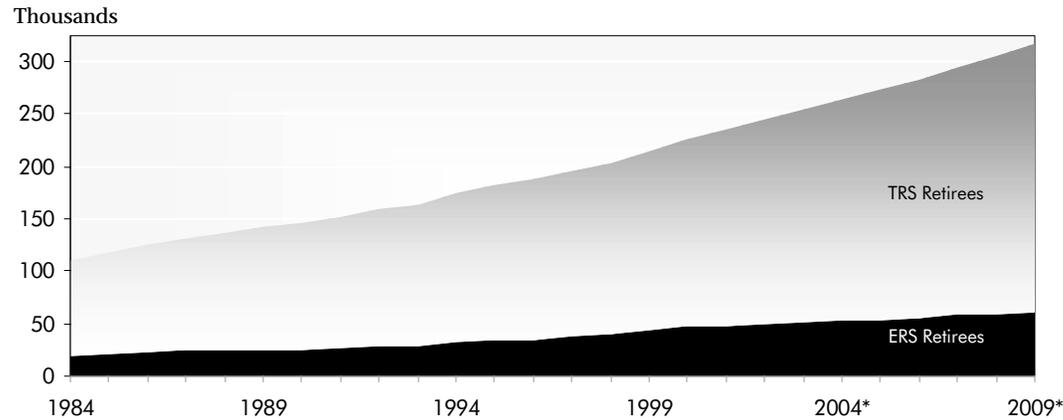
Texas
per capita
personal income
will continue to increase,
even in real terms.

Fiscal Year	Personal Income Per Capita	Personal Income Per Capita Constant Dollars	Fiscal Year	Personal Income Per Capita	Personal Income Per Capita Constant Dollars	Fiscal Year	Personal Income Per Capita	Personal Income Per Capita Constant Dollars
1984	\$13,100	\$12,730	1990	\$16,970	\$13,840	2000	\$27,730	\$16,740
1985	14,010	13,620	1991	17,770	13,800	2001*	29,100	17,050
1986	14,270	13,380	1992	18,600	13,750	2002*	30,450	17,360
1987	14,250	13,030	1993	19,410	13,930	2003*	31,840	17,720
1988	14,940	13,280	1994	20,210	14,080	2004*	33,380	18,100
1989	15,950	13,620	1995	21,190	14,380	2005*	35,050	18,500
			1996	22,040	14,550	2006*	37,010	19,010
			1997	23,600	15,150	2007*	38,630	19,340
			1998	25,240	15,790	2008*	40,140	19,600
			1999	26,530	16,330	2009*	41,760	19,890

SOURCES: Comptroller of Public Accounts (*Fall 2000 Economic Forecast*); Texas State Data Center.

*Projections

State Employee Retirees



In Thousands

Fiscal Year	ERS Retirees	TRS Retirees	Fiscal Year	ERS Retirees	TRS Retirees	Fiscal Year	ERS Retirees	TRS Retirees
1984	19	91	1990	25	122	2000	47	179
1985	20	97	1991	26	126	2001*	48	188
1986	22	103	1992	28	131	2002*	50	195
1987	24	108	1993	28	136	2003*	51	203
1988	24	113	1994	33	142	2004*	53	211
1989	25	117	1995	34	148	2005*	54	220
			1996	35	153	2006*	56	228
			1997	38	158	2007*	58	237
			1998	39	164	2008*	59	247
			1999	44	170	2009*	61	257

SOURCES: Employees Retirement System (*Financial Reports*); Teacher Retirement System (*Financial Reports*).
* Projections

By 2006, more than 1 percent of the Texas population will be Teacher Retirement System retirees, including teachers and other education professionals.

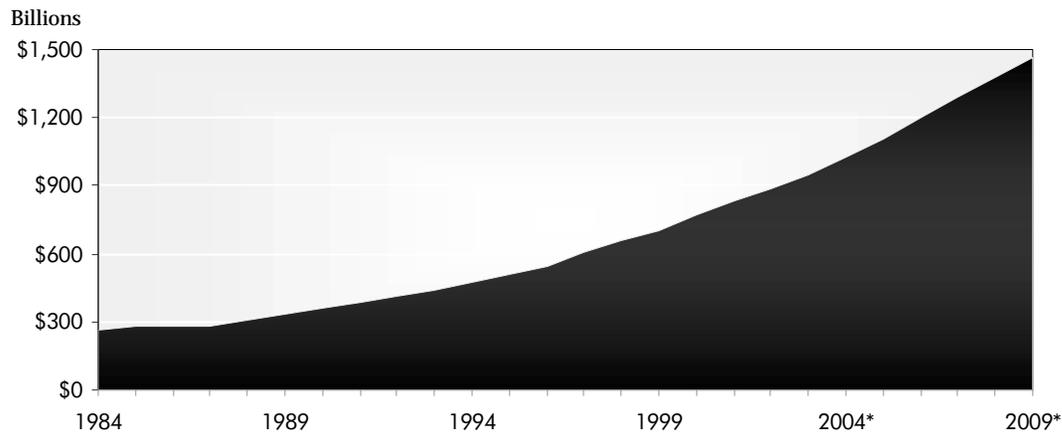
Business and the Economy

The Texas economy is growing faster than the national average.

Business income in Texas is also growing in real terms.

Employment in service industries has grown dramatically over the last 15 years.

Texas Gross State Product



In Billions

Fiscal Year	Total Gross State Product	Percent Increase in Gross State Product	Fiscal Year	Total Gross State Product	Percent Increase in Gross State Product	Fiscal Year	Total Gross State Product	Percent Increase in Gross State Product
1984	\$260	NA	1990	\$361	8	2000	\$771	9
1985	282	8	1991	386	7	2001*	830	8
1986	277	-2	1992	409	6	2002*	883	6
1987	280	1	1993	438	7	2003*	946	7
1988	309	11	1994	472	8	2004*	1,022	8
1989	333	8	1995	509	8	2005*	1,109	8
			1996	548	8	2006*	1,205	9
			1997	603	10	2007*	1,292	7
			1998	657	9	2008*	1,376	7
			1999	706	8	2009*	1,462	6

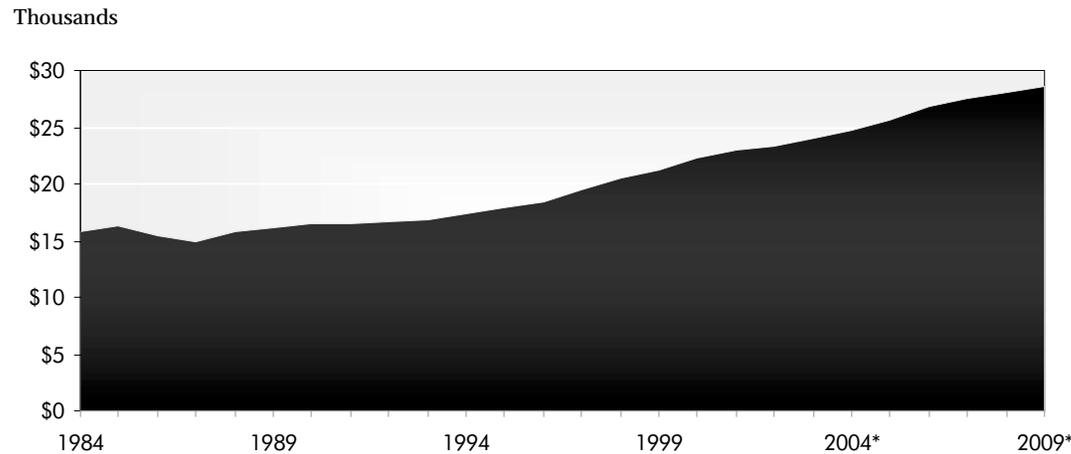
SOURCE: Comptroller of Public Accounts (*Fall 2000 Economic Forecast*).

*Projections

Gross state product is a measure of total economic output in our state.

The Texas gross state product is projected to increase through 2009.

Texas Gross State Product Per Capita, Constant Dollars



After some declines in the 1980s, gross state product per capita has increased and will continue to do so.

Gross state product per capita, in constant dollars, is expected to grow at a moderate rate.

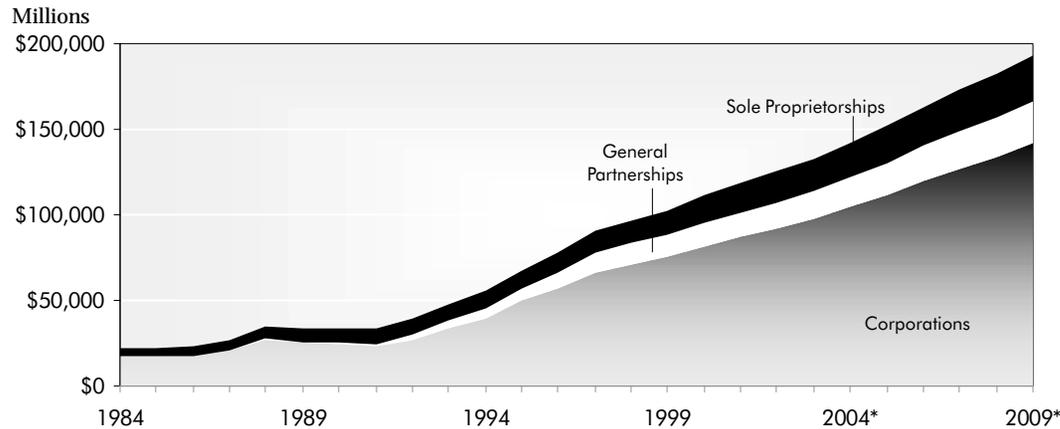
In Thousands

Fiscal Year	Texas Gross State Product		Fiscal Year	Texas Gross State Product		Fiscal Year	Texas Gross State Product	
	Per Capita	Per Capita Constant Dollars		Per Capita	Per Capita Constant Dollars		Per Capita	Per Capita Constant Dollars
1984	\$16.3	\$15.8	1990	\$21.3	\$16.5	2000	\$37.9	\$22.2
1985	17.4	16.3	1991	22.3	16.5	2001*	40.1	22.9
1986	16.8	15.4	1992	23.2	16.6	2002*	42.0	23.4
1987	16.9	15.0	1993	24.3	16.9	2003*	44.2	24.0
1988	18.6	15.8	1994	25.7	17.4	2004*	46.9	24.8
1989	19.8	16.2	1995	27.2	17.9	2005*	50.0	25.7
			1996	28.6	18.4	2006*	53.4	26.8
			1997	31.0	19.4	2007*	56.3	27.5
			1998	33.2	20.4	2008*	59.0	28.1
			1999	35.3	21.3	2009*	61.6	28.6

SOURCES: Comptroller of Public Accounts (*Fall 2000 Economic Forecast*); Texas State Data Center.

*Projections

Texas Business Profits



Since 1988,
Texas business
profits have grown
faster than
the national average
and are expected
to continue to do so.

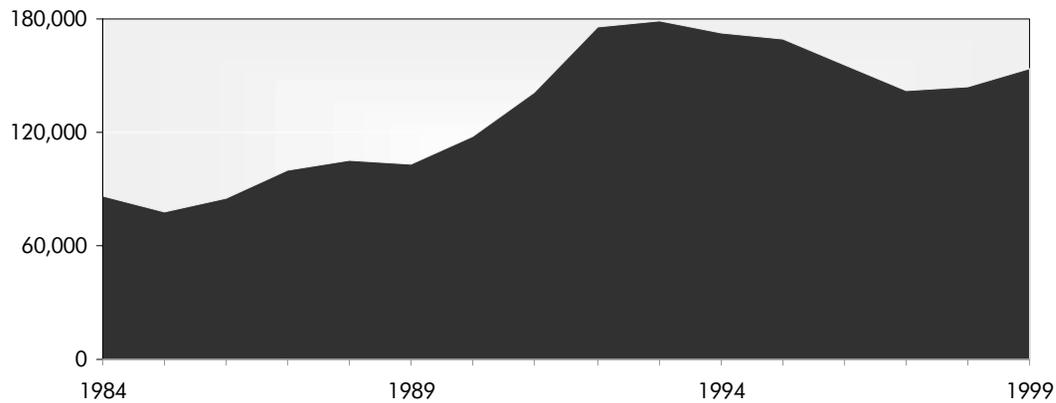
In Millions

Calendar Year	Corporations	General Partnerships	Sole Proprietorships	Calendar Year	Corporations	General Partnerships	Sole Proprietorships
1984	\$17,585	(\$229)	\$4,634	1997	\$66,786	\$11,379	\$12,624
1985	18,007	(584)	5,177	1998*	71,044	12,336	13,685
1986	18,141	(1,098)	5,714	1999*	75,211	13,056	14,484
1987	21,097	(328)	6,380	2000*	81,881	13,912	15,434
1988	27,079	859	7,489	2001*	86,821	14,825	16,447
1989	25,312	834	7,856	2002*	91,760	15,798	17,526
1990	24,786	998	8,494	2003*	97,440	16,795	18,632
1991	23,231	1,314	8,687	2004*	104,256	17,944	19,907
1992	27,017	2,660	9,544	2005*	111,575	19,142	21,236
1993	33,972	4,230	9,930	2006*	119,850	20,598	22,851
1994	39,574	5,270	10,696	2007*	126,984	21,783	24,166
1995	49,742	6,927	10,976	2008*	134,235	23,022	25,541
1996	57,351	9,509	11,574	2009*	141,731	24,397	27,065

SOURCE: Legislative Budget Board.

*Projections

New Retail Business Starts in Texas



Calendar Year	New Sales Tax Permits	Calendar Year	New Sales Tax Permits	Calendar Year	New Sales Tax Permits
1984	86,158	1990	118,146	1995	169,410
1985	77,771	1991	141,556	1996	156,161
1986	85,450	1992	175,569	1997	141,822
1987	100,261	1993	179,152	1998	144,003
1988	105,420	1994	172,926	1999	153,337
1989	103,118				

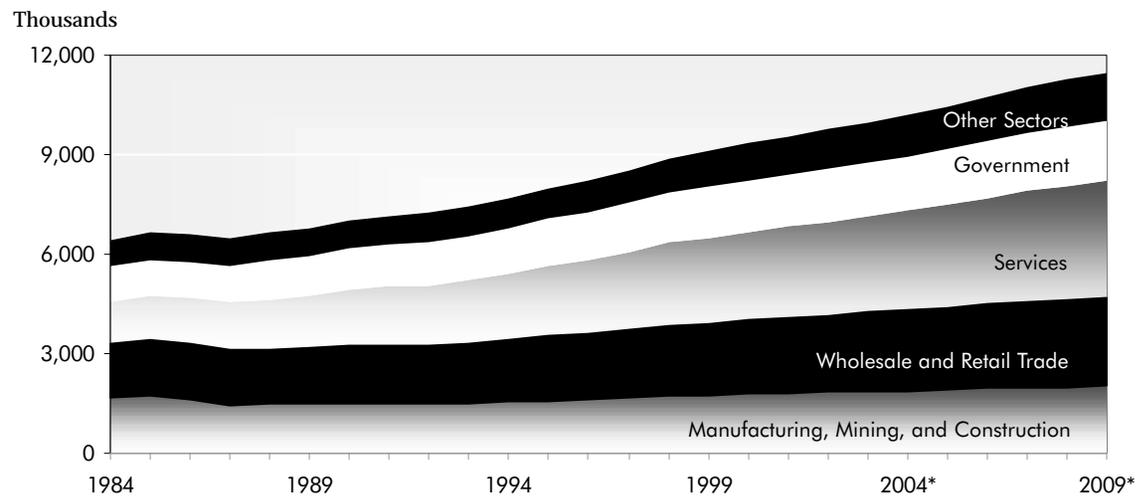
SOURCE: Comptroller of Public Accounts.

NOTES: These figures represent the number of new business sales tax permits granted in the given year, not the number of businesses that are still operating. Data from 1997 forward reflect a new methodology; it is unclear if there was an actual drop between 1996 and 1997.

New retail business openings are tracked by sales tax permits granted.

There has been a dramatic increase in the number of new business applications over the last 15 years, peaking in 1993.

Texas Nonfarm Employment by Sector



SOURCE: Comptroller of Public Accounts (*Fall 2000 Economic Forecast*).

NOTE: "Other Sectors" include transportation and public utilities; and finance, insurance, and real estate.

*Projections

Services made up 20 percent of Texas employment in 1984 and are projected to make up 31 percent in 2009.

Texas Nonfarm Employment by Sector

In Thousands

Fiscal Year	Manufacturing, Mining, and Construction	Wholesale and Retail Trade	Services	Government	Other Sectors	Total Nonfarm Employment
1984	1,703	1,616	1,251	1,057	785	6,412
1985	1,716	1,692	1,333	1,080	821	6,641
1986	1,608	1,691	1,375	1,115	826	6,615
1987	1,462	1,644	1,425	1,135	826	6,491
1988	1,475	1,649	1,517	1,166	825	6,633
1989	1,473	1,683	1,604	1,201	836	6,797
1990	1,504	1,713	1,717	1,249	852	7,035
1991	1,517	1,734	1,775	1,279	860	7,166
1992	1,484	1,747	1,825	1,323	855	7,234
1993	1,499	1,796	1,901	1,366	861	7,423
1994	1,541	1,857	1,978	1,403	891	7,670
1995	1,587	1,934	2,097	1,439	908	7,964
1996	1,635	1,975	2,198	1,455	928	8,191
1997	1,693	2,031	2,350	1,478	967	8,519
1998	1,761	2,098	2,483	1,496	1,025	8,862
1999	1,764	2,161	2,578	1,533	1,072	9,109
2000	1,776	2,231	2,649	1,571	1,110	9,337
2001*	1,806	2,288	2,731	1,580	1,147	9,552
2002*	1,832	2,333	2,821	1,608	1,176	9,769
2003*	1,855	2,380	2,897	1,635	1,207	9,974
2004*	1,887	2,428	2,989	1,664	1,243	10,211
2005*	1,920	2,475	3,096	1,695	1,280	10,466
2006*	1,953	2,527	3,216	1,729	1,319	10,744
2007*	1,982	2,584	3,328	1,761	1,357	11,012
2008*	2,002	2,638	3,429	1,792	1,391	11,252
2009*	2,012	2,688	3,519	1,822	1,423	11,465

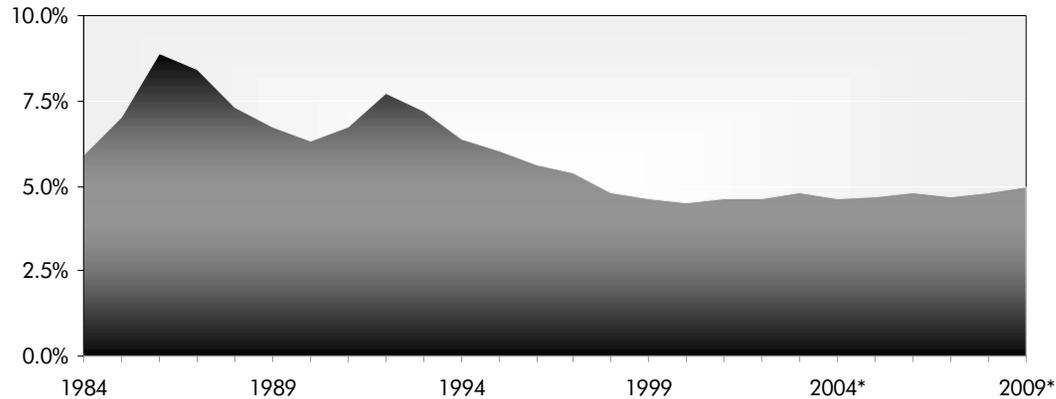
SOURCE: Comptroller of Public Accounts (*Fall 2000 Economic Forecast*).

NOTE: "Other Sectors" include transportation and public utilities; and finance, insurance and real estate.

*Projections

Mining, including oil and gas employment, is projected to decrease, from 267,000 in 1984 to 140,000 in 2009.

Texas Unemployment Rate



Since 1990,
the Texas
unemployment rate
has paralleled
the national rate
and will continue
to do so.

Fiscal Year	Unemployment Rate		Fiscal Year	Unemployment Rate		Fiscal Year	Unemployment Rate	
	Texas	National		Texas	National		Texas	National
1984	6.2	7.5	1990	6.4	5.6	2000	4.5	4.0
1985	6.7	7.2	1991	6.6	6.9	2001*	4.5	4.1
1986	8.4	7.0	1992	7.5	7.5	2002*	4.6	4.2
1987	8.8	6.2	1993	7.3	6.9	2003*	4.7	4.3
1988	7.5	5.5	1994	6.7	6.1	2004*	4.7	4.3
1989	6.8	5.3	1995	6.0	5.6	2005*	4.8	4.3
			1996	5.8	5.4	2006*	4.7	4.5
			1997	5.4	4.9	2007*	4.7	4.4
			1998	4.9	4.5	2008*	4.7	4.5
			1999	4.6	4.2	2009*	4.9	4.6

SOURCES: Comptroller of Public Accounts (*Fall 2000 Economic Forecast*); The WEFA Group (*US Long-term Economic Outlook, Second Quarter 2000*).

*Projections

Public Education

Public school enrollment will continue to grow. Growth rates are projected to decline slightly compared with the growth rates in recent years.

Funding public education in Texas is primarily a responsibility of the state and local school districts.

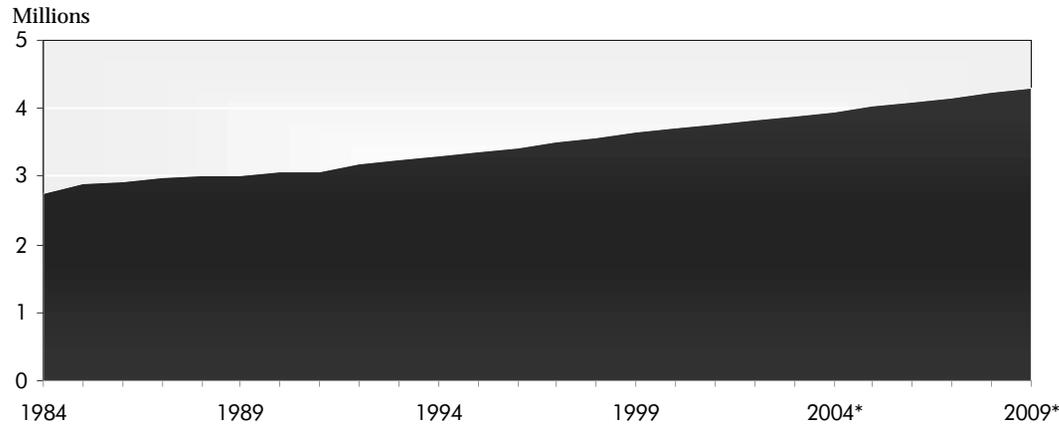
Total state and local K–12 public education costs are estimated at \$44.6 billion in the current biennium, representing the single-largest funding priority in the state and local budgets.

Local revenue, primarily property tax revenue, has grown more rapidly than state aid.

Texas is below the US average in expenditures per student, but has shown modest improvement in recent years. Texas is above the national average in expenditures per \$1,000 of personal income.

Public School Student Attendance

Average Daily Attendance (ADA)



Fiscal Year	Average Daily Attendance	Fiscal Year	Average Daily Attendance	Fiscal Year	Average Daily Attendance
1984	2,745,338	1990	3,071,843	2000	3,702,288
1985	2,886,243	1991	3,073,955	2001*	3,763,308
1986	2,930,018	1992	3,172,921	2002*	3,827,170
1987	2,978,439	1993	3,235,756	2003*	3,893,604
1988	2,998,039	1994	3,303,633	2004*	3,959,795
1989	3,026,028	1995	3,358,317	2005*	4,027,112
		1996	3,434,854	2006*	4,095,573
		1997	3,513,334	2007*	4,165,197
		1998	3,581,486	2008*	4,236,005
		1999	3,643,026	2009*	4,308,017

SOURCES: Legislative Budget Board; Texas Education Agency.

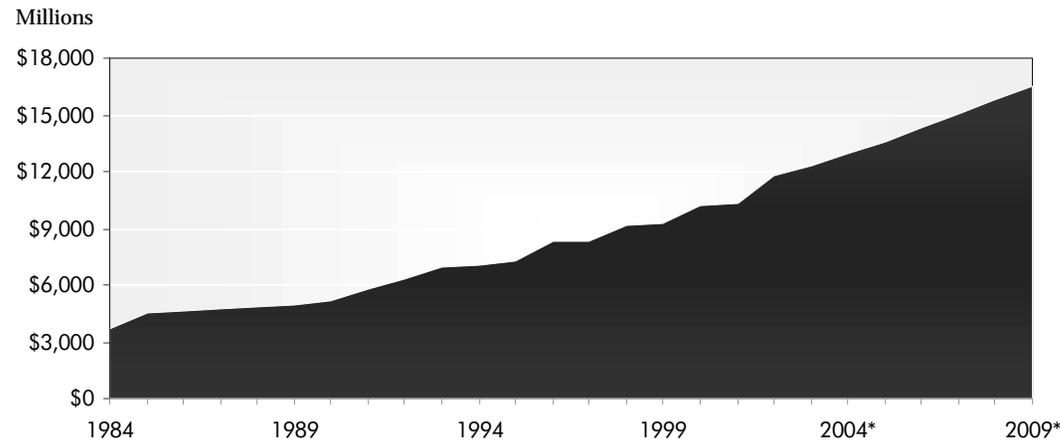
NOTES: ADA figures for fiscal years 2001–03 are Texas Education Agency projections. Other projections are based on a 1.7 percent growth rate. Charter enrollment is included beginning in 1999.

*Projections

Public education attendance will continue to grow.

As our population ages, however, student attendance per capita will decrease slightly.

State Aid for Public Education



In Millions

Fiscal Year	State Aid	State Aid as Percentage of State and Local	Fiscal Year	State Aid	State Aid as Percentage of State and Local	Fiscal Year	State Aid	State Aid as Percentage of State and Local
1984	\$3,688.0	50.5	1990	\$5,137.9	46.2	2000	\$10,228.0	46.6
1985	4,554.8	52.2	1991	5,768.5	47.0	2001*	10,314.0	44.6
1986	4,656.4	50.0	1992	6,351.4	46.1	2002*	11,754.2	46.6
1987	4,773.5	48.7	1993	6,958.3	46.1	2003*	12,341.9	46.6
1988	4,828.0	48.1	1994	7,032.3	45.2	2004*	12,959.0	46.6
1989	4,932.7	46.9	1995	7,283.4	45.4	2005*	13,607.0	46.6
			1996	8,325.9	47.2	2006*	14,287.3	46.6
			1997	8,285.6	45.6	2007*	15,001.7	46.6
			1998	9,161.0	47.1	2008*	15,751.7	46.6
			1999	9,304.0	45.0	2009*	16,539.3	46.6

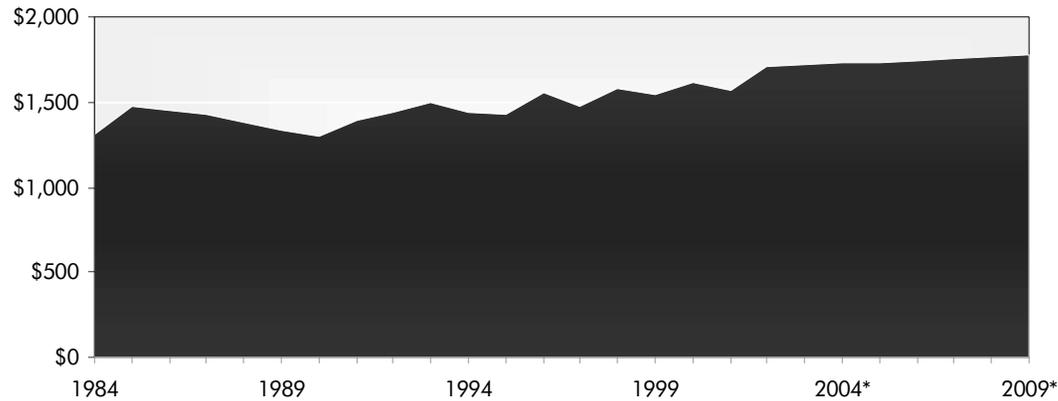
SOURCE: Legislative Budget Board.

NOTE: State aid projections for 2002–09 are based on local revenue increases of 5 percent per year and maintaining the state share of public education revenue at 46.6 percent.

*Projections

Four
 fundamental factors
 influence the state's
 public education budget
 and its growth:
 local tax base
 (local property values);
 local tax rates;
 student attendance; and
 student and district
 characteristics.

State Aid for Public Education Per Student, Constant Dollars



Overall per student funding has grown in real dollars.

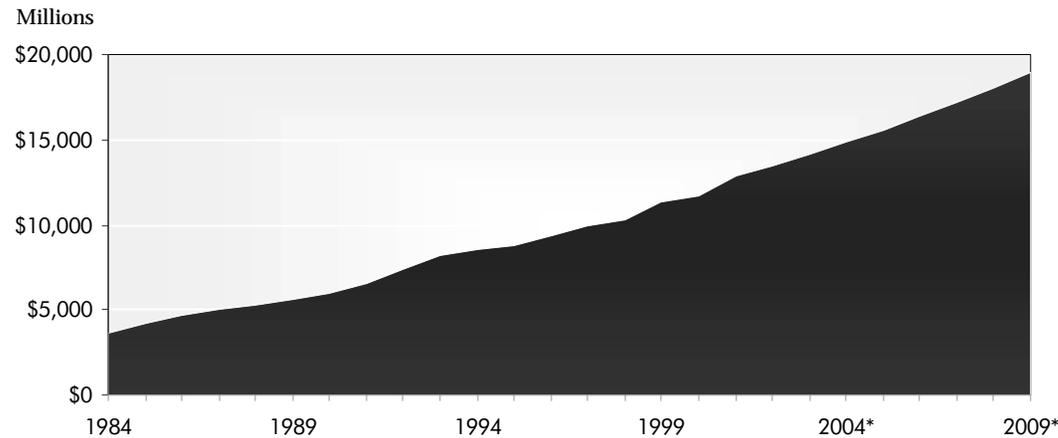
After 2001, state aid per student adjusted for inflation shows a gradual increase.

Fiscal Year	State Aid Per Student	State Aid Per Student Constant Dollars	Fiscal Year	State Aid Per Student	State Aid Per Student Constant Dollars	Fiscal Year	State Aid Per Student	State Aid Per Student Constant Dollars
1984	\$1,343	\$1,306	1990	\$1,673	\$1,299	2000	\$2,763	\$1,618
1985	1,578	1,479	1991	1,877	1,387	2001*	2,741	1,563
1986	1,589	1,454	1992	2,002	1,437	2002*	3,071	1,709
1987	1,603	1,425	1993	2,150	1,498	2003*	3,170	1,719
1988	1,610	1,375	1994	2,129	1,444	2004*	3,273	1,727
1989	1,630	1,329	1995	2,169	1,432	2005*	3,379	1,736
			1996	2,424	1,556	2006*	3,488	1,746
			1997	2,358	1,475	2007*	3,602	1,758
			1998	2,558	1,574	2008*	3,719	1,771
			1999	2,554	1,542	2009*	3,839	1,783

SOURCES: Legislative Budget Board; Comptroller of Public Accounts (*Fall 2000 Economic Forecast*).

*Projections

Local Revenue for Public Education



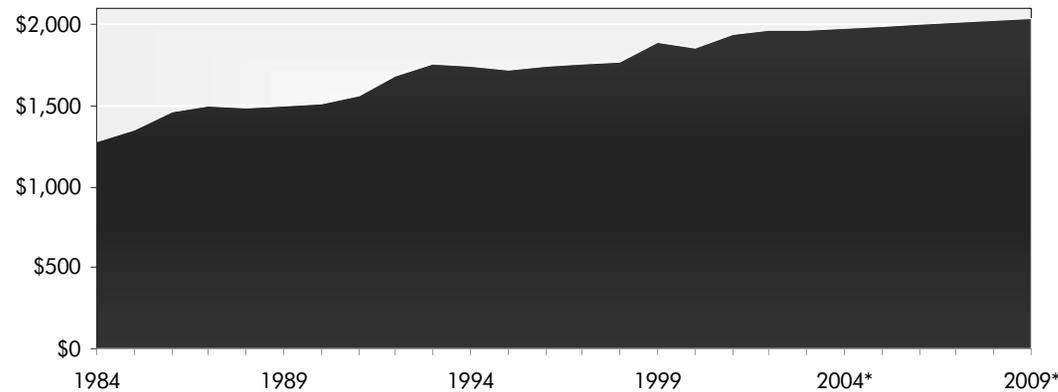
Local property tax revenue for public education has increased significantly since 1984.

In Millions

Fiscal Year	Local Revenue	Fiscal Year	Local Revenue	Fiscal Year	Local Revenue
1984	\$3,621.5	1990	\$5,975.7	2000	\$11,716.0
1985	4,169.0	1991	6,497.8	2001*	12,828.0
1986	4,663.9	1992	7,419.5	2002*	13,469.4
1987	5,026.6	1993	8,147.0	2003*	14,142.9
1988	5,218.8	1994	8,516.0	2004*	14,850.0
1989	5,575.8	1995	8,743.3	2005*	15,592.5
		1996	9,328.1	2006*	16,372.1
		1997	9,893.0	2007*	17,190.7
		1998	10,306.0	2008*	18,050.3
		1999	11,386.0	2009*	18,952.8

SOURCES: Legislative Budget Board; Texas Education Agency.
 NOTES: These figures are based on collected revenue, not tax assessments.
 Projections are based on a 5 percent growth rate for 2002–09.
 *Projections

Local Revenue for Public Education Per Student, Constant Dollars



Fiscal Year	Local Revenue Per Student	Local Revenue Per Student Constant Dollars	Fiscal Year	Local Revenue Per Student	Local Revenue Per Student Constant Dollars	Fiscal Year	Local Revenue Per Student	Local Revenue Per Student Constant Dollars
1984	\$1,319	\$1,282	1990	\$1,945	\$1,511	2000*	\$3,164	\$1,854
1985	1,444	1,354	1991	2,114	1,563	2001*	3,409	1,944
1986	1,592	1,456	1992	2,338	1,678	2002*	3,519	1,959
1987	1,688	1,500	1993	2,518	1,754	2003*	3,632	1,970
1988	1,741	1,486	1994	2,578	1,749	2004*	3,750	1,979
1989	1,843	1,502	1995	2,603	1,718	2005*	3,872	1,989
			1996	2,716	1,744	2006*	3,998	2,001
			1997	2,816	1,761	2007*	4,127	2,015
			1998*	2,878	1,771	2008*	4,261	2,029
			1999*	3,125	1,887	2009*	4,399	2,043

SOURCES: Legislative Budget Board; Comptroller of Public Accounts (*Fall 2000 Economic Forecast*).

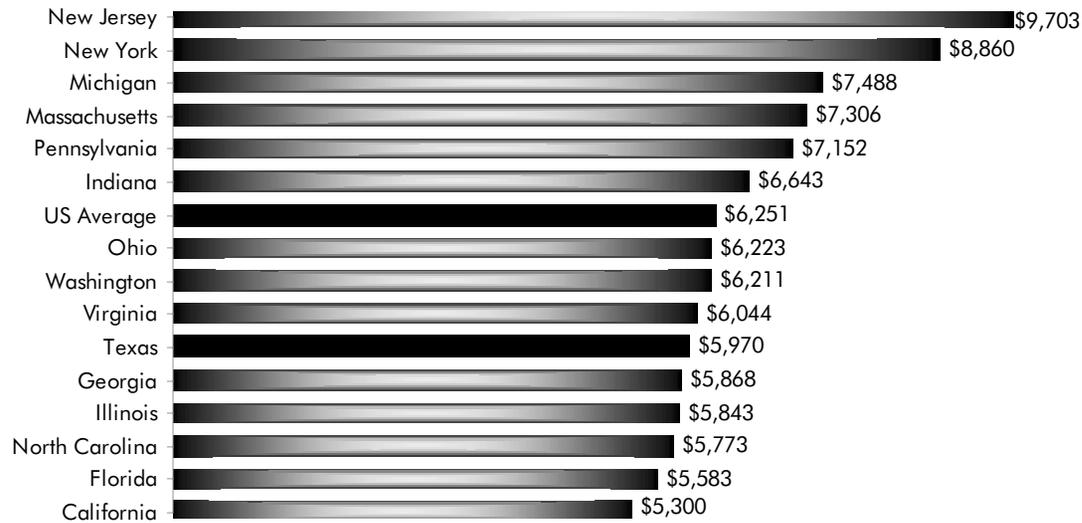
*Projections

Local property tax revenue per student for public education has grown dramatically, even in real dollars.

The projected growth in property values results in a gradual increase in per student expenditures (adjusted for inflation).

Total Public Education Expenditures Per Student

1999 Rankings of the 15 Most-populous States



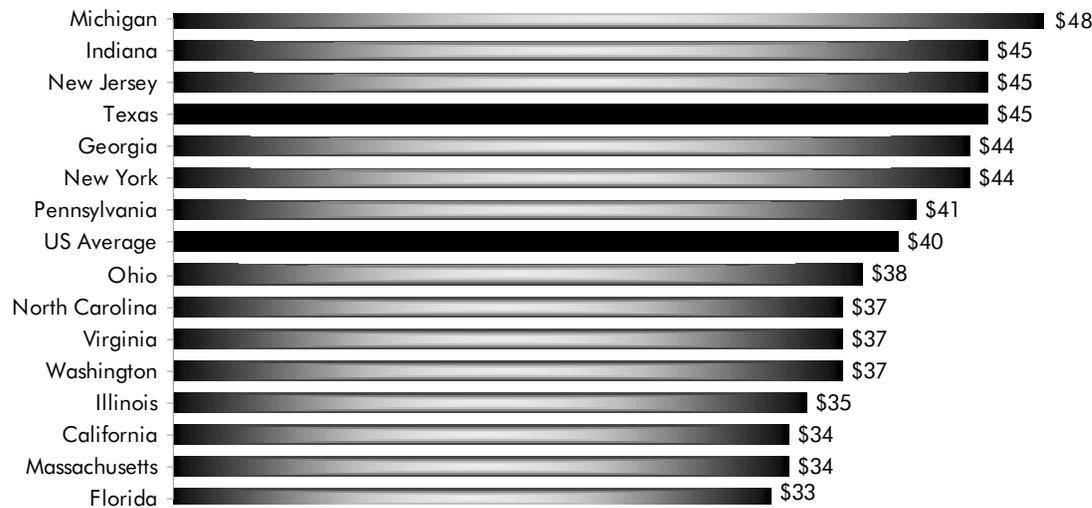
Texas continues to rank tenth among the 15 most-populous states in per student expenditures for public education.

State	1999 Per Student Expenditures	State	1999 Per Student Expenditures
New Jersey	\$9,703	Washington	\$6,211
New York	8,860	Virginia	6,044
Michigan	7,488	Texas	5,970
Massachusetts	7,306	Georgia	5,868
Pennsylvania	7,152	Illinois	5,843
Indiana	6,643	North Carolina	5,773
US Average	6,251	Florida	5,583
Ohio	6,223	California	5,300

SOURCE: National Education Agency (1999 Rankings of the States).

Public Education Expenditures Per \$1,000 Personal Income

1997 Rankings of the 15 Most-populous States



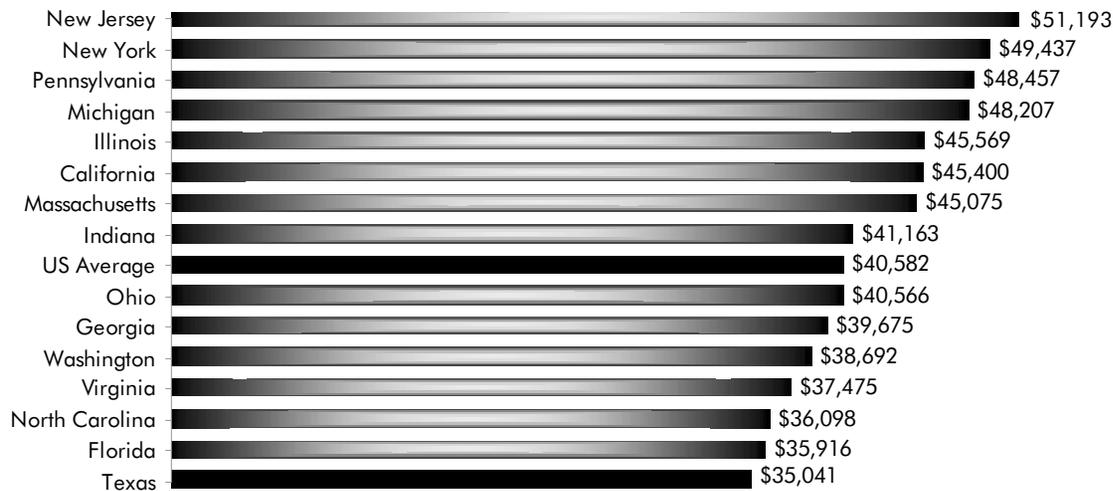
Texas dropped into a tie for second among the 15 most-populous states in expenditures on public education per \$1,000 personal income.

State	Expenditures Per \$1,000 Income	State	Expenditures Per \$1,000 Income
Michigan	\$48	Ohio	\$38
Indiana	45	North Carolina	37
New Jersey	45	Virginia	37
Texas	45	Washington	37
Georgia	44	Illinois	35
New York	44	California	34
Pennsylvania	41	Massachusetts	34
US Average	40	Florida	33

SOURCE: National Education Agency (1997 Rankings of the States).

Average Public Education Teacher Salary

1999 Rankings of the 15 Most-populous States



State	Average Teacher Salary	State	Average Teacher Salary
New Jersey	\$51,193	US Average	\$40,582
New York	49,437	Ohio	40,566
Pennsylvania	48,457	Georgia	39,675
Michigan	48,207	Washington	38,692
Illinois	45,569	Virginia	37,475
California	45,400	North Carolina	36,098
Massachusetts	45,075	Florida	35,916
Indiana	41,163	Texas	35,041

SOURCE: National Education Agency (1999 Rankings of the States).
 NOTE: Salary is average total salary, including supplements.

In 1999, average teacher salary was lower in Texas than in the other 15 most-populous states.

The state-funded \$3,000 pay raise for Texas teachers in 2000 will move Texas closer to the national average.

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Higher Education

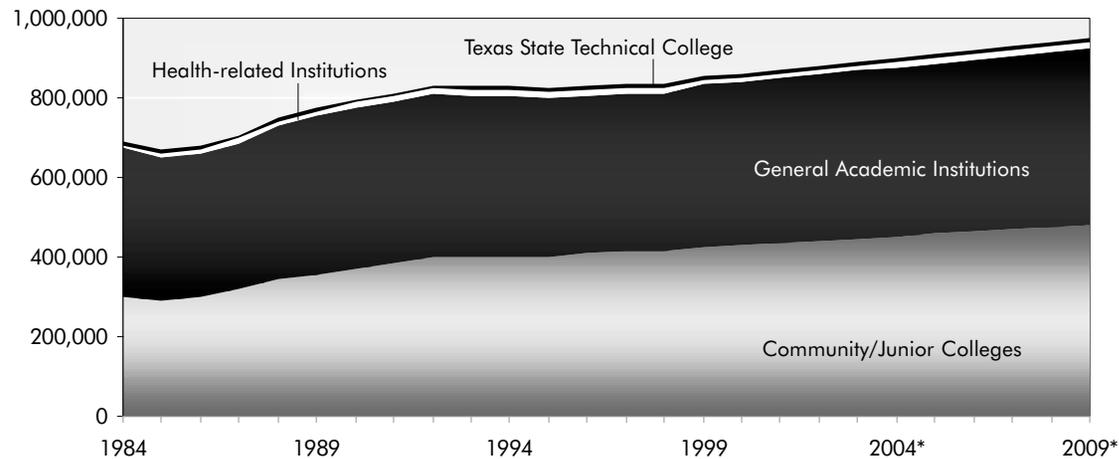
Higher education enrollment is growing and will continue to grow in the foreseeable future.

Since 1995, community/junior college enrollment has exceeded enrollment in general academic institutions.

State funding for higher education per student in constant dollars is projected to increase through 2009.

Tuition in Texas is low compared with that in the other 15 most-populous states.

Public Higher Education Headcount Student Enrollment



SOURCES: Legislative Budget Board; Higher Education Coordinating Board.
NOTES: Community/junior colleges include Lamar State Colleges; health-related institutions include Texas A&M University College of Veterinary Medicine.
*Projections

Total enrollment in higher education has shown a steady, moderate growth that is projected to continue.

Growth in community/junior college enrollment has been greater than growth in general academic institutions.

Public Higher Education Headcount Student Enrollment

Fiscal Year	Community/ Junior Colleges	General Academic Institutions	Health- related Institutions	Texas State Technical College	Total
1984	300,652	372,326	9,459	8,548	690,985
1985	289,562	361,052	10,652	8,667	669,933
1986	302,085	359,343	10,802	9,062	681,292
1987	321,025	365,882	10,825	8,896	706,628
1988	344,199	385,422	11,111	8,380	749,112
1989	355,478	399,948	11,337	8,408	775,171
1990	371,299	405,682	11,873	8,215	797,069
1991	383,485	407,219	12,494	7,815	811,013
1992	399,578	410,706	13,196	7,958	831,438
1993	400,148	407,314	13,969	7,234	828,665
1994	400,323	406,466	14,421	7,732	828,942
1995	401,049	400,633	14,642	7,557	823,881
1996	407,610	397,293	15,378	8,008	828,289
1997	413,631	396,265	15,333	8,468	833,697
1998	412,684	398,258	15,374	8,724	835,040
1999	426,519	407,074	12,582	8,804	855,993
2000*	430,112	409,044	12,786	9,038	860,980
2001*	435,639	412,991	12,992	9,106	870,728
2002*	441,166	416,937	13,198	9,173	880,474
2003*	446,694	420,884	13,404	9,241	890,223
2004*	452,221	424,830	13,610	9,308	899,969
2005*	457,748	428,777	13,816	9,376	909,717
2006*	463,410	432,570	14,022	9,435	919,437
2007*	469,072	436,364	14,228	9,494	929,158
2008*	474,734	440,157	14,434	9,552	938,877
2009*	480,396	443,951	14,640	9,611	948,598

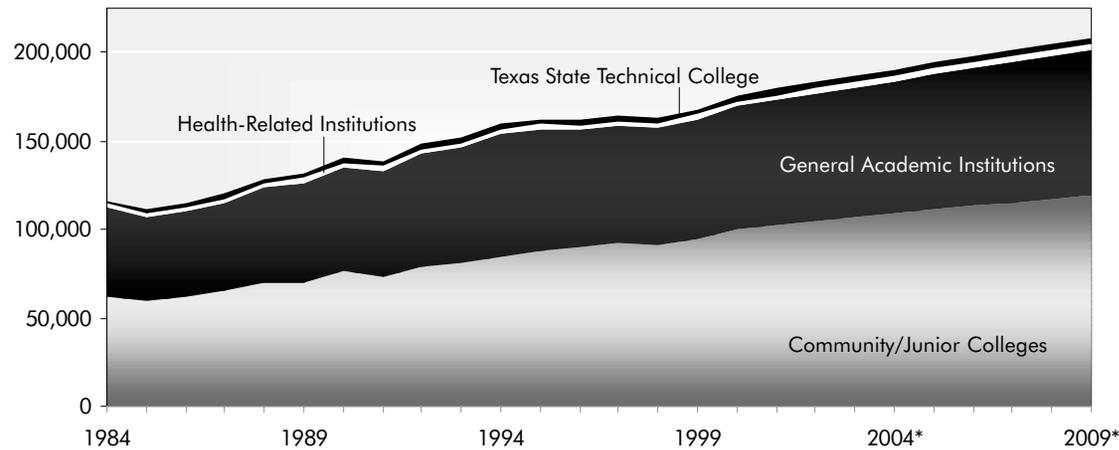
SOURCES: Legislative Budget Board; Higher Education Coordinating Board.

NOTES: Community/junior colleges include Lamar State Colleges; health-related institutions include Texas A&M University College of Veterinary Medicine.

*Projections

The community/
junior colleges
exceeded the
general academic
institutions
in total
enrollment
beginning in 1995.

South Texas/Border Institutions Headcount Enrollment



SOURCE: Higher Education Coordinating Board.

NOTES: This table includes UT-El Paso, UT-San Antonio, UT-Pan American, UT-Brownsville, TAMU-Corpus Christi, TAMU-Kingsville, TAMU International, Sul Ross, Sul Ross-Rio Grande, UTHSC-San Antonio, TSTC-Harlingen, TSTC-McAllen. Health-related institutions include Texas Tech University Health Sciences Center Regional Academic Center at El Paso. South Texas Community College appears under community/junior colleges from 1993 through 2009 and as McAllen Extension Center under TSTC-Harlingen from 1984 through 1992.

*Projections

Headcount enrollment at the South Texas/Border institutions is expected to increase significantly as new facilities and programs begun in the past few years are fully implemented.

South Texas/Border Institutions Headcount Enrollment

Fiscal Year	Community/ Junior Colleges	General Academic Institutions	Health- Related Institutions	Texas State Technical College	Total
1984	61,769	50,250	2,332	2,081	116,432
1985	59,488	47,252	2,171	2,359	111,270
1986	61,620	48,326	2,138	2,586	114,670
1987	65,145	49,891	2,197	2,599	119,832
1988	69,789	53,788	2,219	2,666	128,462
1989	70,227	56,331	2,362	2,786	131,706
1990	76,181	59,061	2,456	2,904	140,602
1991	73,005	60,182	2,546	2,978	138,711
1992	78,749	64,066	2,573	3,225	148,613
1993	80,943	65,363	2,615	2,431	151,352
1994	84,348	69,524	2,790	2,887	159,549
1995	87,883	68,662	2,831	3,054	162,430
1996	90,459	66,083	2,550	3,082	162,174
1997	92,618	65,931	2,622	3,189	164,360
1998	90,942	66,407	2,703	3,311	163,363
1999	94,701	67,336	2,784	3,342	168,163
2000*	99,858	69,661	2,865	3,461	175,845
2001*	102,166	70,947	2,946	3,493	179,552
2002*	104,474	72,234	3,027	3,536	183,271
2003*	106,783	73,520	3,108	3,558	186,969
2004*	109,091	74,807	3,189	3,591	190,678
2005*	111,399	76,093	3,270	3,623	194,385
2006*	113,318	77,510	3,351	3,681	197,860
2007*	115,237	78,927	3,432	3,739	201,335
2008*	117,156	80,345	3,513	3,796	204,810
2009*	119,075	81,762	3,594	3,854	208,285

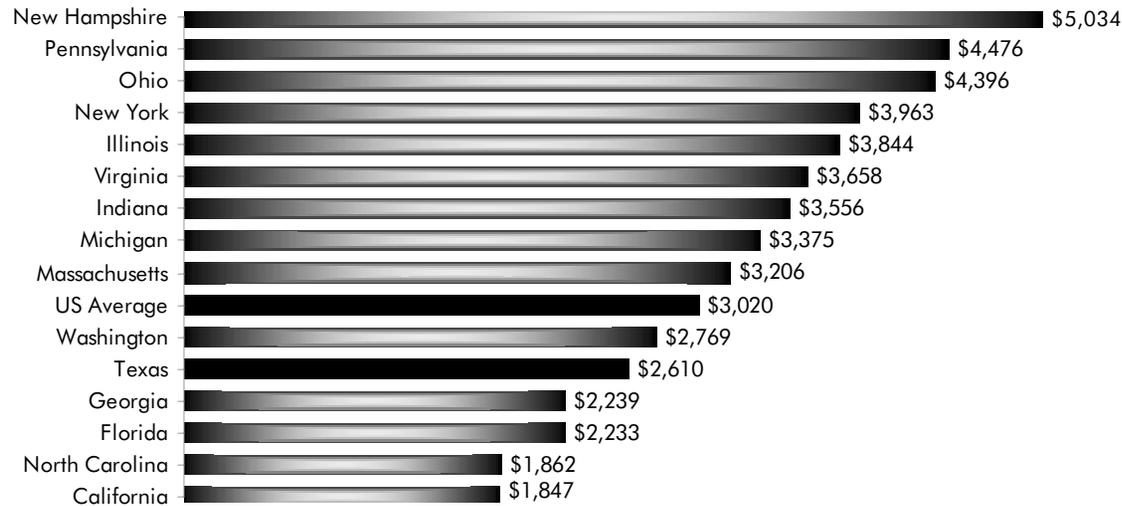
SOURCE: Higher Education Coordinating Board.

NOTES: This table includes UT-El Paso, UT-San Antonio, UT-Pan American, UT-Brownsville, TAMU-Corpus Christi, TAMU-Kingsville, TAMU International, Sul Ross, Sul Ross-Rio Grande, UTHSC-San Antonio, TSTC-Harlingen, TSTC-McAllen. Health-related institutions include Texas Tech University Health Sciences Center Regional Academic Center at El Paso. South Texas Community College appears under community/junior colleges from 1993 through 2009 and as McAllen Extension Center under TSTC-Harlingen from 1984 through 1992.

*Projections

Resident Undergraduate Student Tuition and Fees

1999–2000 Rankings of the 15 Most-populous States



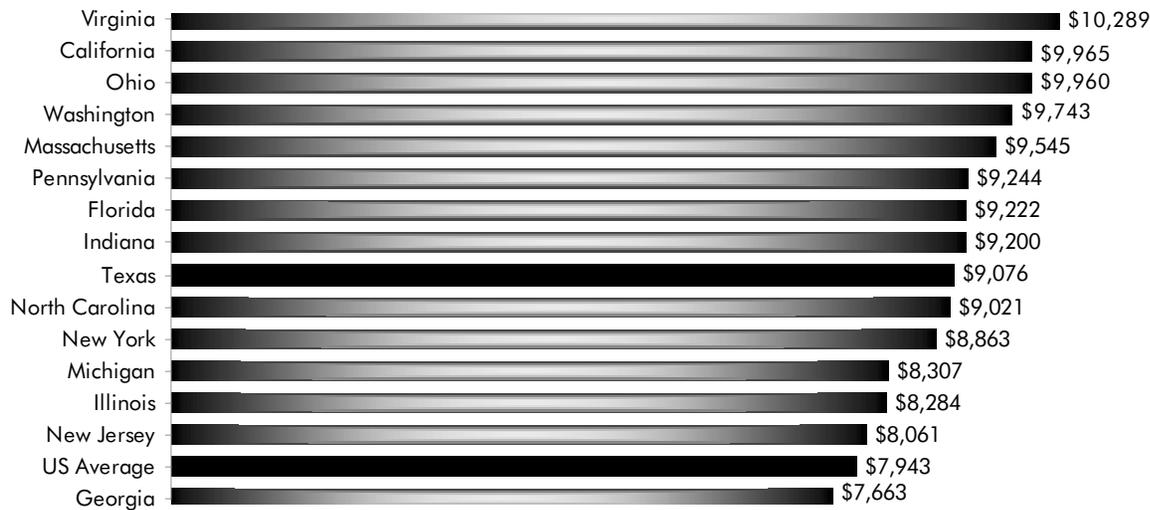
Texas ranks eleventh among the 15 most-populous states in student tuition and fees for resident undergraduate students.

State	Tuition and Fees	State	Tuition and Fees
New Hampshire	\$5,034	Massachusetts	\$3,206
Pennsylvania	4,476	US Average	3,020
Ohio	4,396	Washington	2,769
New York	3,963	Texas	2,610
Illinois	3,844	Georgia	2,239
Virginia	3,658	Florida	2,233
Indiana	3,556	North Carolina	1,862
Michigan	3,375	California	1,847

SOURCES: Higher Education Coordinating Board; *National Comparison* by Washington State Higher Education Coordinating Board.

Nonresident Undergraduate Student Tuition and Fees

1999–2000 Rankings of the 15 Most-populous States



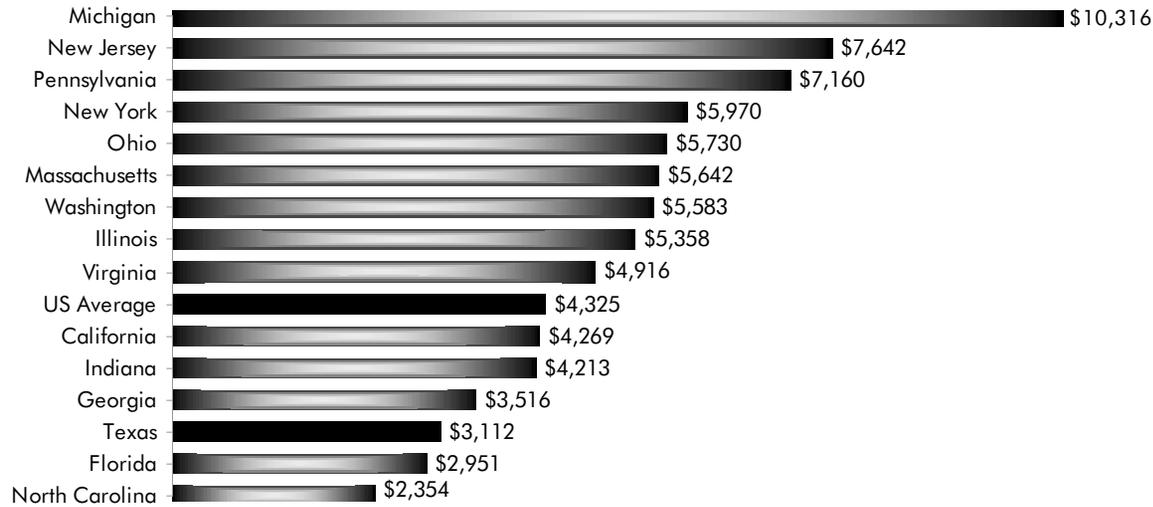
Texas
ranks ninth
among the
15 most-populous states
in student
tuition and fees
for nonresident
undergraduate students.

State	Tuition and Fees	State	Tuition and Fees
Virginia	\$10,289	Texas	\$9,076
California	9,965	North Carolina	9,021
Ohio	9,960	New York	8,863
Washington	9,743	Michigan	8,307
Massachusetts	9,545	Illinois	8,284
Pennsylvania	9,244	New Jersey	8,061
Florida	9,222	US Average	7,943
Indiana	9,200	Georgia	7,663

SOURCES: Higher Education Coordinating Board; *National Comparison* by Washington State Higher Education Coordinating Board.

Resident Graduate Student Tuition and Fees

1999–2000 Rankings of the 15 Most-populous States



State	Tuition and Fees	State	Tuition and Fees
Michigan	\$10,316	Virginia	\$4,916
New Jersey	7,642	US Average	4,325
Pennsylvania	7,160	California	4,269
New York	5,970	Indiana	4,213
Ohio	5,730	Georgia	3,516
Massachusetts	5,642	Texas	3,112
Washington	5,583	Florida	2,951
Illinois	5,358	North Carolina	2,354

SOURCES: Higher Education Coordinating Board; *National Comparison* by Washington State Higher Education Coordinating Board.

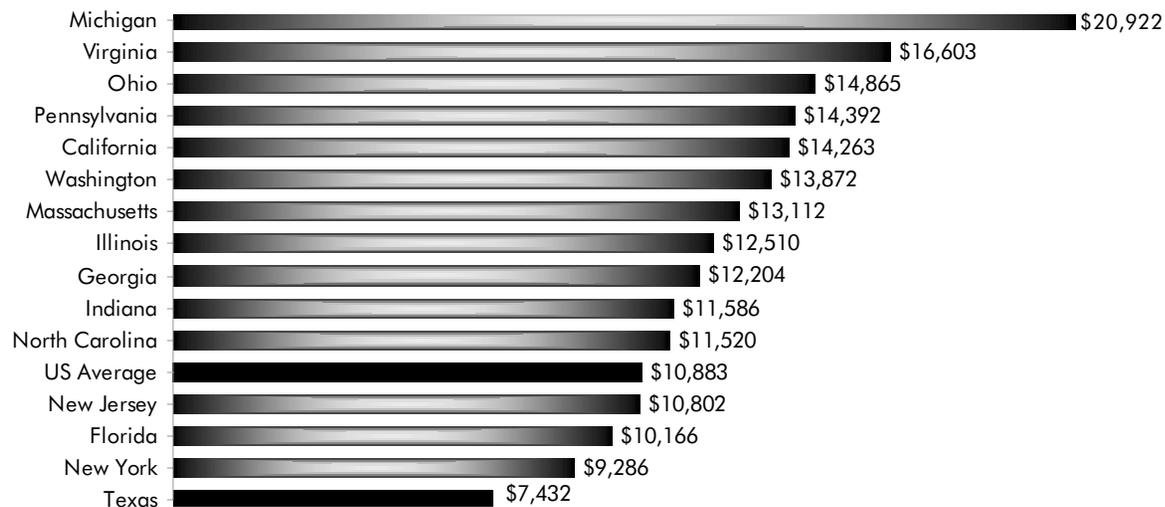
NOTE: These figures include only "flagship universities."

Texas ranks thirteenth among the 15 most-populous states in student tuition and fees for resident graduate students.

Texas' rankings are higher if all state universities with graduate programs are considered.

Nonresident Graduate Student Tuition and Fees

1999–2000 Rankings of the 15 Most-populous States



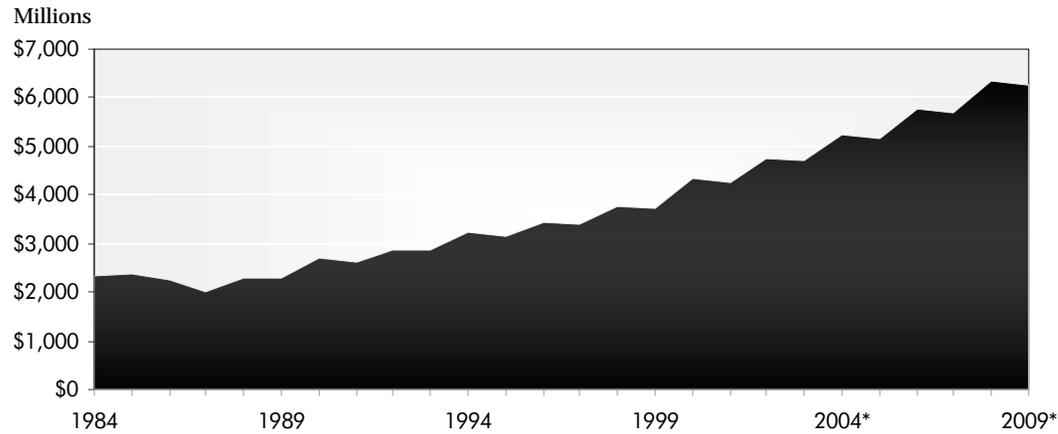
Texas ranks fifteenth among the 15 most-populous states in student tuition and fees for nonresident graduate students.

State	Tuition and Fees	State	Tuition and Fees
Michigan	\$20,922	Georgia	\$12,204
Virginia	16,603	Indiana	11,586
Ohio	14,865	North Carolina	11,520
Pennsylvania	14,392	US Average	10,883
California	14,263	New Jersey	10,802
Washington	13,872	Florida	10,166
Massachusetts	13,112	New York	9,286
Illinois	12,510	Texas	7,432

SOURCES: Higher Education Coordinating Board; *National Comparison* by Washington State Higher Education Coordinating Board.

NOTE: These figures include only "flagship universities."

General Revenue Appropriations for Higher Education



In Millions

Fiscal Year	GR Appropriations	Fiscal Year	GR Appropriations	Fiscal Year	GR Appropriations
1984	\$2,341	1990	\$2,705	2000	\$4,328
1985	2,365	1991	2,634	2001	4,274
1986	2,259	1992	2,876	2002*	4,761
1987	2,022	1993	2,857	2003*	4,701
1988	2,286	1994	3,243	2004*	5,237
1989	2,300	1995	3,164	2005*	5,171
		1996	3,432	2006*	5,761
		1997	3,389	2007*	5,688
		1998	3,748	2008*	6,337
		1999	3,739	2009*	6,257

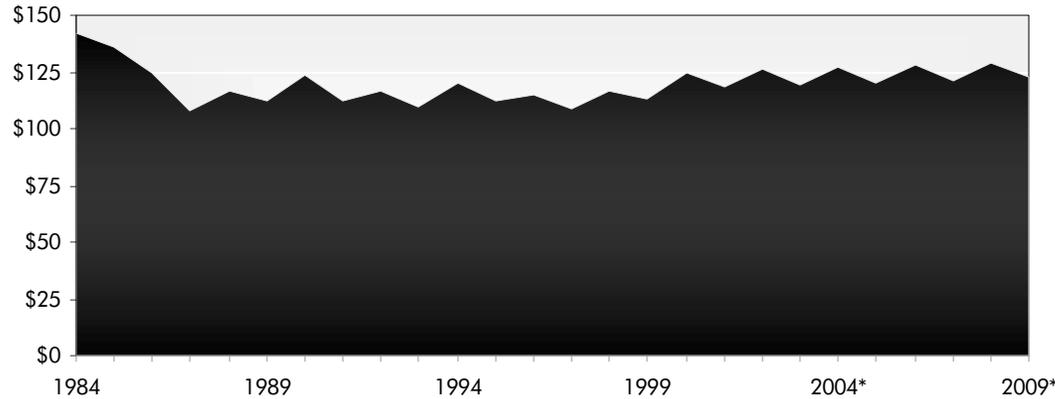
SOURCES: Legislative Budget Board; Higher Education Coordinating Board.

NOTE: Amounts include Higher Education Group Insurance but do not include retirement contributions.

*Projections

The stairstep effect on the graph is due to additional Other Educational and General Funds being used in the second year of each biennium.

General Revenue Appropriations for Higher Education Per Capita, Constant Dollars

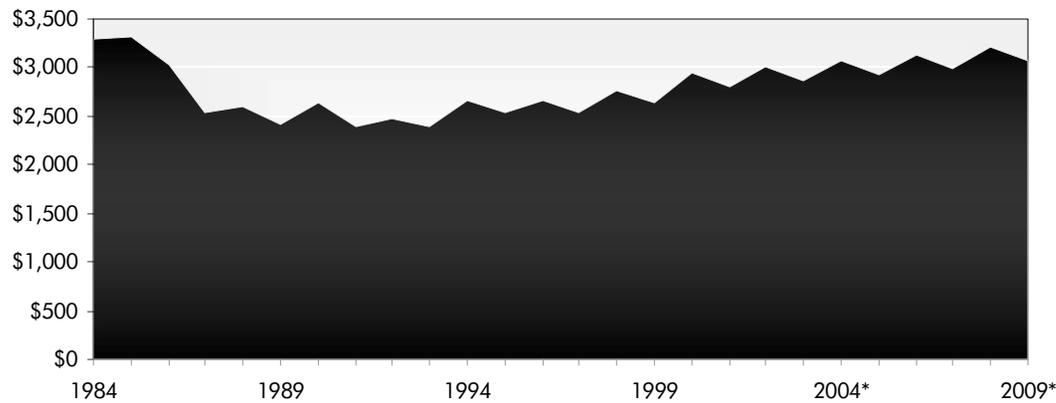


In constant dollars,
per capita
General Revenue
funding for
higher education
has remained
fairly constant
since 1988 and
will continue to do so.

Fiscal Year	GR Appropriations Per Capita	GR Appropriations Per Capita Constant Dollars	Fiscal Year	GR Appropriations Per Capita	GR Appropriations Per Capita Constant Dollars	Fiscal Year	GR Appropriations Per Capita	GR Appropriations Per Capita Constant Dollars
1984	\$147	\$142	1990	\$159	\$124	2000	\$213	\$125
1985	146	136	1991	152	112	2001*	206	118
1986	137	125	1992	163	117	2002*	226	126
1987	122	108	1993	158	110	2003*	219	119
1988	137	117	1994	176	120	2004*	240	127
1989	137	112	1995	169	112	2005*	233	120
			1996	179	115	2006*	256	128
			1997	174	109	2007*	248	121
			1998	190	117	2008*	272	129
			1999	187	113	2009*	264	123

SOURCES: Legislative Budget Board; Higher Education Coordinating Board.
*Projections

General Revenue Appropriations for Higher Education Per Student, Constant Dollars



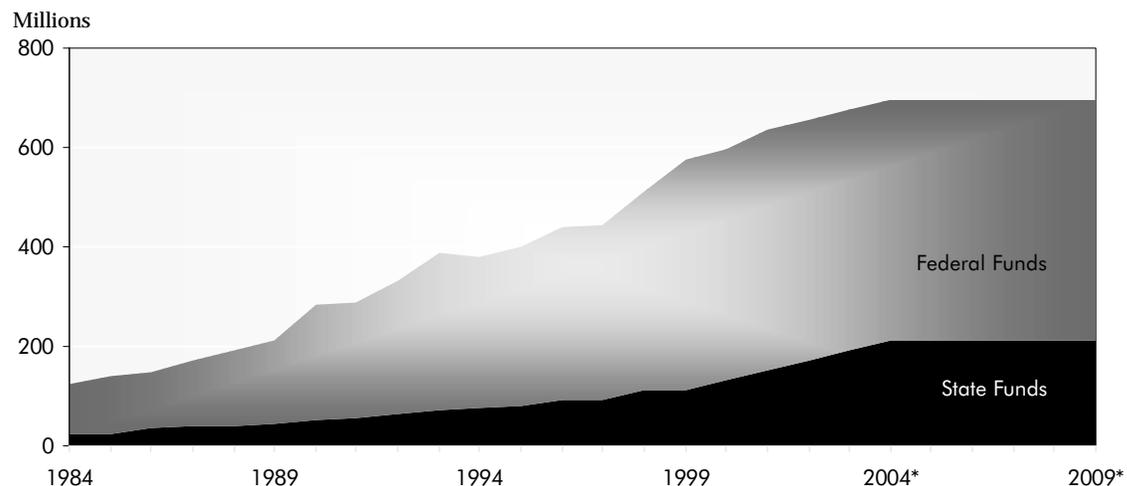
Higher education appropriations per student, adjusted for inflation, are projected to increase, although they will not return to 1984 levels.

Fiscal Year	GR Appropriations Per Student	GR Appropriations Per Student Constant Dollars	Fiscal Year	GR Appropriations Per Student	GR Appropriations Per Student Constant Dollars	Fiscal Year	GR Appropriations Per Student	GR Appropriations Per Student Constant Dollars
1984	\$3,388	\$3,293	1990	\$3,394	\$2,636	2000*	\$5,027	\$2,945
1985	3,530	3,309	1991	3,248	2,401	2001*	4,909	2,799
1986	3,316	3,033	1992	3,459	2,483	2002*	5,407	3,010
1987	2,861	2,544	1993	3,448	2,401	2003*	5,281	2,864
1988	3,052	2,606	1994	3,912	2,655	2004*	5,819	3,071
1989	2,967	2,419	1995	3,840	2,535	2005*	5,684	2,920
			1996	4,143	2,660	2006*	6,266	3,136
			1997	4,065	2,542	2007*	6,122	2,989
			1998	4,488	2,762	2008*	6,750	3,214
			1999	4,368	2,637	2009*	6,596	3,064

SOURCES: Legislative Budget Board; Higher Education Coordinating Board.

*Projections

Grants to Higher Education Students in Texas



After a period of rapid growth in grants to higher education students, grants are projected to remain relatively constant due primarily to the uncertain status of federal support.

In Millions

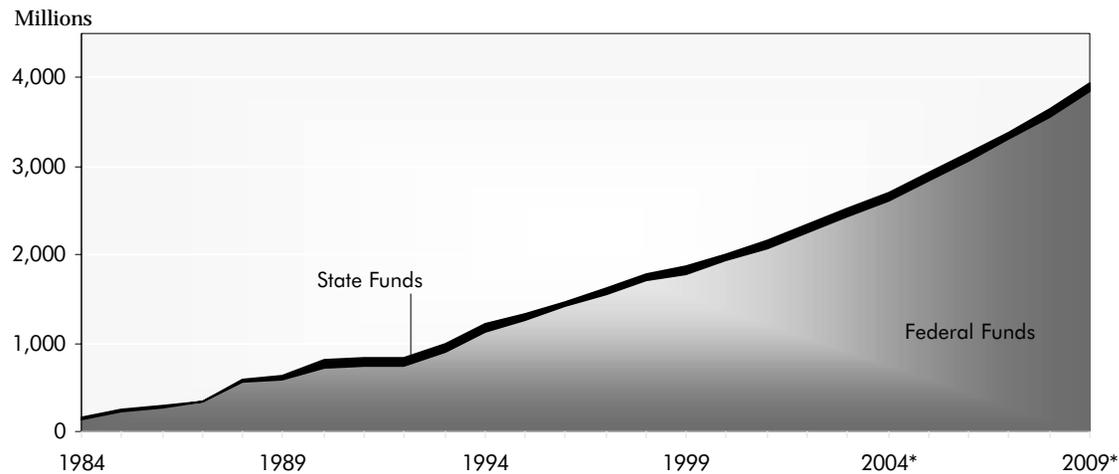
Fiscal Year	State Funds	Federal Funds	Fiscal Year	State Funds	Federal Funds	Fiscal Year	State Funds	Federal Funds
1984	\$25	\$101	1990	\$54	\$229	2000*	\$133	\$463
1985	26	114	1991	55	235	2001*	153	485
1986	38	112	1992	63	268	2002*	173	485
1987	39	135	1993	71	316	2003*	193	485
1988	41	151	1994	75	306	2004*	213	485
1989	46	168	1995	82	318	2005*	213	485
			1996	94	346	2006*	213	485
			1997	91	352	2007*	213	485
			1998	111	401	2008*	213	485
			1999	113	463	2009*	213	485

SOURCE: Higher Education Coordinating Board Financial Aid Data Base.

NOTES: State funds include Tuition Equalization Grants; Texas Public Education Grants (Refund Grant Program); Tax Reimbursement Grants; Toward EXcellence, Access & Success (TEXAS) Grant Program; and Teach for Texas Grant Program. Federal Funds include Pell, Supplemental Educational Opportunity Grants, and State Student Incentive Grants.

*Projections

Loans to Higher Education Students in Texas



Federal loan funds are projected to grow dramatically because of recent federal initiatives, while state funds are projected to remain constant.

In Millions

Fiscal Year	State Funds	Federal Funds	Fiscal Year	State Funds	Federal Funds	Fiscal Year	State Funds	Federal Funds
1984	\$23	\$132	1990	\$83	\$728	2000*	\$85	\$1,926
1985	15	232	1991	89	751	2001*	85	2,080
1986	12	280	1992	85	745	2002*	85	2,246
1987	13	335	1993	87	878	2003*	85	2,426
1988	22	565	1994	94	1,131	2004*	85	2,620
1989	50	586	1995	85	1,253	2005*	85	2,830
			1996	63	1,408	2006*	85	3,056
			1997	74	1,543	2007*	85	3,300
			1998	77	1,706	2008*	85	3,564
			1999	79	1,783	2009*	85	3,849

SOURCES: Higher Education Coordinating Board; Office of Post Secondary Education.

NOTE: Federal loans are exclusive of loans awarded through the state loan program.

Health and Human Services

Much of the growth in Texas government in the past decade has been in the health and human services functional area.

Medicaid continues to lead the growth in this functional area.

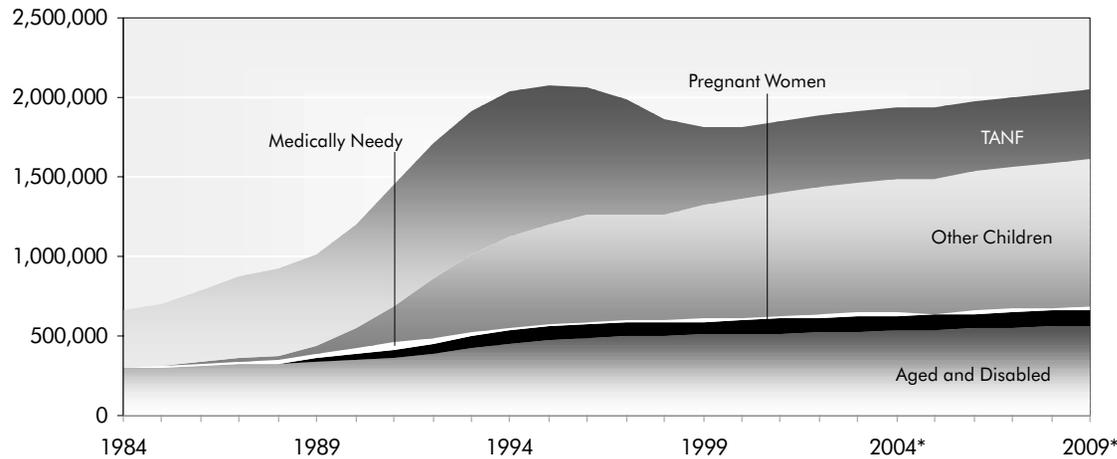
Federal Funds provide the financing for approximately 59 percent of health and human services funding.

Although the health and human services function makes up one-third of the state budget and has shown rapid growth in recent years, Texas' expenditures in this program area rank low in relation to those of other states.

A new program authorized by the Seventy-sixth Legislature, the Children's Health Insurance Program, Phase II, is projected to serve more than 425,000 children by September 2001.

Medicaid Caseloads

Monthly Averages



SOURCE: Texas Department of Health.

NOTE: Prior to 1996, Temporary Assistance for Needy Families (TANF) was known as Aid to Families with Dependent Children (AFDC).

Between 1995 and 2000,
there was a
13 percent drop
in total
Medicaid caseload;
however, moderate
increases are expected
for the future.

Medicaid Caseloads

Monthly Averages

Fiscal Year	TANF Total	Medically Needy	Aged and Disabled	Pregnant Women	Other Children
1984	360,914	0	299,482	0	0
1985	389,341	2,613	303,342	1,215	7,453
1986	447,506	10,037	311,279	2,341	19,663
1987	513,008	15,939	319,707	3,310	27,664
1988	548,600	19,344	326,437	3,342	30,334
1989	579,821	22,556	333,420	25,731	53,567
1990	657,835	39,153	344,272	43,120	117,728
1991	768,754	47,089	363,068	53,524	220,633
1992	855,413	28,217	391,550	64,456	377,108
1993	890,914	21,006	424,112	75,755	496,583
1994	908,727	20,047	451,265	81,948	571,501
1995	872,702	19,346	471,894	84,407	620,780
1996	804,655	18,295	490,390	84,826	664,636
1997	720,157	17,887	497,691	84,223	667,675
1998	598,670	18,067	502,150	82,613	661,070
1999	482,133	17,974	510,442	81,665	720,160
2000	447,328	21,172	511,580	84,402	742,015
2001*	448,024	22,717	517,304	89,486	773,013
2002*	448,024	23,285	523,099	92,170	804,375
2003*	448,024	23,867	528,967	93,553	816,713
2004*	448,024	23,867	534,909	94,301	832,234
2005*	448,024	23,867	540,927	95,055	848,878
2006*	448,024	23,867	547,019	95,816	865,856
2007*	448,024	23,867	553,189	96,582	883,173
2008*	448,024	23,867	559,437	97,355	900,837
2009*	448,024	23,867	565,765	98,134	918,853

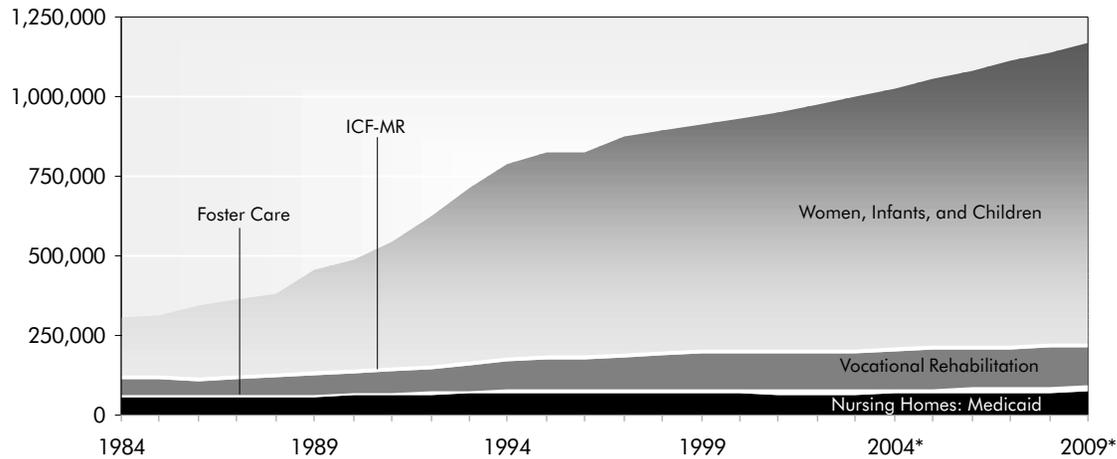
SOURCE: Texas Department of Health.

NOTE: Prior to 1996, Temporary Assistance for Needy Families (TANF) was known as Aid to Families with Dependent Children (AFDC).

*Projections

The majority of recent growth in Medicaid caseloads has been in the “Other Children” category, i.e., children not covered by the Temporary Assistance for Needy Families (TANF) category.

Selected Health and Human Service Populations



SOURCES: Texas Department of Human Services; Texas Department of Health; Department of Protective and Regulatory Services; Texas Rehabilitation Commission; and Texas Department of Mental Health and Mental Retardation.

NOTES: ICF-MR = Intermediate Care Facility - Mental Retardation.

Caseloads for these selected populations will increase except for ICF-MR patients.

Women, Infants, and Children (WIC) has been the largest health and human service population since 1997 and shows steady growth.

Selected Health and Human Service Populations

Fiscal Year	TANF Grants	ICF-MR	Nursing Homes: Medicaid	Women, Infants and Children	Foster Care	Vocational Rehabilitation
1984	336,922	13,115	56,097	180,160	5,079	48,700
1985	358,479	13,546	54,989	191,959	5,193	49,562
1986	410,423	13,402	54,520	221,857	5,132	48,795
1987	467,941	12,816	55,784	238,116	4,864	49,520
1988	504,625	12,487	56,175	250,592	4,942	56,600
1989	544,409	12,381	56,275	322,072	5,601	61,492
1990	603,255	12,621	59,753	343,539	6,797	63,329
1991	688,033	12,945	62,897	395,271	7,938	64,094
1992	752,988	13,457	65,462	471,314	8,920	68,189
1993	778,723	13,946	67,049	541,965	9,923	77,118
1994	786,313	14,317	67,678	602,937	10,595	89,665
1995	746,343	14,211	68,195	637,229	11,613	93,700
1996	690,251	13,826	68,466	641,150	11,535	92,522
1997	600,202	13,723	68,460	682,517	11,766	98,682
1998	474,891	13,161	67,862	690,252	12,218	108,893
1999	369,923	13,032	67,440	702,188	12,490	114,503
2000	341,480	13,141	66,080	723,254	13,618	116,457
2001*	354,082	13,080	65,491	744,951	14,218	113,484
2002*	354,082	13,069	65,229	767,300	14,774	113,967
2003*	354,082	13,069	65,115	790,319	15,332	115,655
2004*	354,082	13,069	66,352	814,028	15,893	117,912
2005*	360,101	13,069	67,745	838,449	16,459	120,157
2006*	366,223	13,069	69,168	863,603	17,029	120,157
2007*	372,449	13,069	70,067	889,511	17,606	120,157
2008*	378,780	13,069	71,189	916,196	18,191	120,157
2009*	385,220	13,069	72,256	943,682	18,786	120,157

SOURCES: Texas Department of Human Services; Texas Department of Health; Department of Protective and Regulatory Services; Texas Rehabilitation Commission; and Texas Department of Mental Health and Mental Retardation.

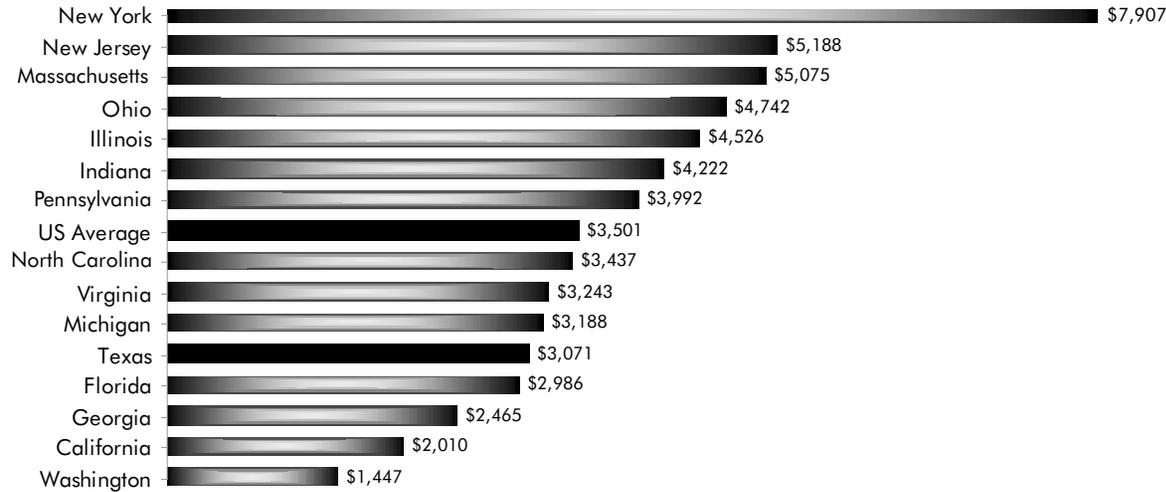
NOTES: ICF-MR = Intermediate Care Facility - Mental Retardation.

AFDC/TANF caseloads reached their peak in 1993 and have had major reductions because of federal and state welfare reform.

Since it is discussed elsewhere in this document, TANF is not graphed here.

Medicaid Expenditures Per Client

1998 Rankings of the 15 Most-populous States

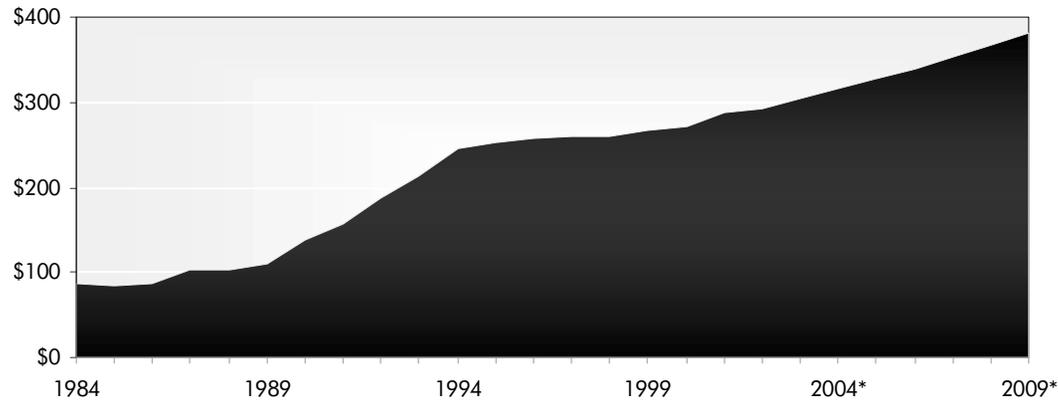


State	Per Client Expenditure	State	Per Client Expenditure
New York	\$7,907	North Carolina	\$3,437
New Jersey	5,188	Virginia	3,243
Massachusetts	5,075	Michigan	3,188
Ohio	4,742	Texas	3,071
Illinois	4,526	Florida	2,986
Indiana	4,222	Georgia	2,465
Pennsylvania	3,992	California	2,010
US Average	3,501	Washington	1,447

SOURCE: Health Care Financing Administration (*HCFA 2082 Reports*).

Although Medicaid has led the growth in Texas state government spending, we still spend less on Medicaid on a per client basis than most of the other 15 most-populous states.

Medicaid Expenditures Per Capita, Constant Dollars



Medicaid expenditures grew dramatically in the early 1990s.

The rising cost of health care, along with other factors,

will cause

Medicaid expenditures to continue to increase, even when adjusted for inflation and population.

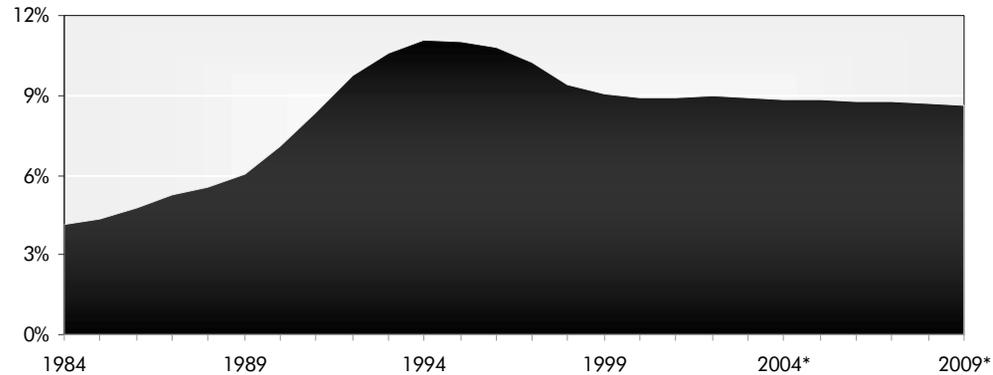
Fiscal Year	Medicaid Expenditures	Medicaid Expenditures Per Capita Constant Dollars	Fiscal Year	Medicaid Expenditures	Medicaid Expenditures Per Capita Constant Dollars	Fiscal Year	Medicaid Expenditures	Medicaid Expenditures Per Capita Constant Dollars
1984	\$1,433.1	\$87.2	1990	\$3,033.3	\$138.7	2000	\$9,405.7	\$270.8
1985	1,475.4	85.2	1991	3,683.7	157.0	2001*	10,446.7	287.8
1986	1,551.6	86.0	1992	4,574.9	186.0	2002*	11,081.5	292.9
1987	1,917.1	102.6	1993	5,517.3	213.1	2003*	12,015.9	304.2
1988	2,012.6	103.1	1994	6,630.8	244.8	2004*	13,029.1	315.6
1989	2,258.7	109.7	1995	7,156.8	252.3	2005*	14,127.7	327.5
			1996	7,693.6	258.2	2006*	15,319.0	340.2
			1997	7,986.5	258.7	2007*	16,610.7	353.7
			1998	8,336.3	259.6	2008*	18,011.4	367.8
			1999	8,830.1	266.6	2009*	19,530.1	382.4

SOURCES: Texas Health and Human Services Commission; Texas Department of Human Services.

*Projections

Percentage of Texans Receiving Medicaid Services

Monthly Averages



Monthly Averages

Fiscal Year	Texans Receiving Medicaid Services		Fiscal Year	Texans Receiving Medicaid Services		Fiscal Year	Texans Receiving Medicaid Services	
	Number	Percentage		Number	Percentage		Number	Percentage
1984	660,396	0.0	1990	1,202,108	7.1	2000	1,806,497	8.9
1985	703,964	4.3	1991	1,453,067	8.4	2001*	1,850,544	8.9
1986	790,825	4.8	1992	1,716,745	9.7	2002*	1,890,953	9.0
1987	879,627	5.3	1993	1,908,370	10.6	2003*	1,911,124	8.9
1988	928,057	5.6	1994	2,033,488	11.1	2004*	1,933,335	8.9
1989	1,015,096	6.0	1995	2,069,129	11.1	2005*	1,956,752	8.8
			1996	2,062,802	10.8	2006*	1,980,582	8.8
			1997	1,987,546	10.3	2007*	2,004,836	8.7
			1998	1,862,570	9.4	2008*	2,029,520	8.7
			1999	1,812,374	9.1	2009*	2,054,643	8.7

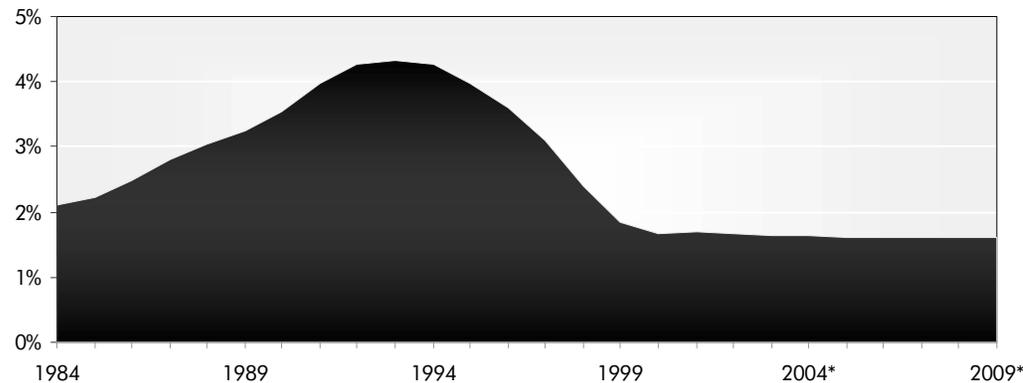
SOURCES: Texas Department of Health; Texas State Data Center.

*Projections

The percentage of Texans receiving Medicaid services peaked in 1994.

Improvement in the Texas economy, along with changes in federal regulations, has led to reductions in this percentage.

Percentage of Texans Receiving TANF Grants



The percentage of Texans receiving TANF grants peaked in 1993, at 4.3 percent.

Fiscal Year	Texans Receiving TANF Grants		Fiscal Year	Texans Receiving TANF Grants		Fiscal Year	Texans Receiving TANF Grants	
	Number	Percentage		Number	Percentage		Number	Percentage
1984	336,922	0.0	1990	603,255	3.6	2000	341,480	1.7
1985	358,479	2.2	1991	688,033	4.0	2001*	354,082	1.7
1986	410,423	2.5	1992	752,988	4.3	2002*	354,082	1.7
1987	467,941	2.8	1993	778,723	4.3	2003*	354,082	1.7
1988	504,625	3.0	1994	786,313	4.3	2004*	354,082	1.6
1989	544,409	3.2	1995	746,343	4.0	2005*	360,101	1.6
			1996	690,251	3.6	2006*	366,223	1.6
			1997	600,202	3.1	2007*	372,449	1.6
			1998	474,891	2.4	2008*	378,780	1.6
			1999	369,923	1.9	2009*	385,220	1.6

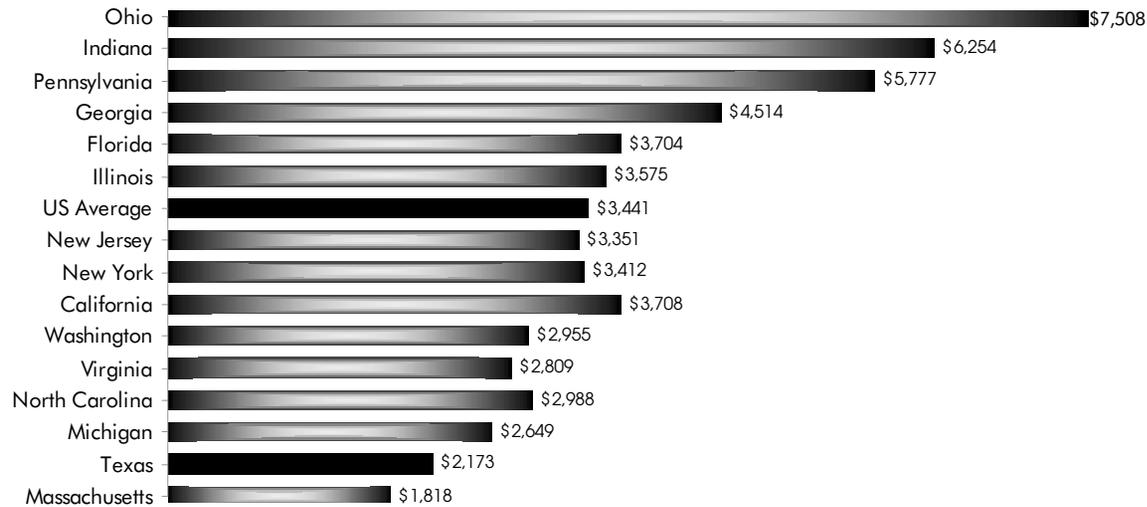
SOURCES: Texas Department of Human Services; Texas State Data Center.

NOTE: Prior to 1996, Temporary Assistance for Needy Families (TANF) was known as Aid to Families with Dependent Children (AFDC).

*Projections

Vocational Rehabilitation Expenses Per Case

1997 Rankings of the 15 Most-populous States



State	Mean Cost Per Case	State	Mean Cost Per Case
Ohio	\$7,508	New York	\$3,412
Indiana	6,254	California	3,708
Pennsylvania	5,777	Washington	2,955
Georgia	4,514	Virginia	2,809
Florida	3,704	North Carolina	2,988
Illinois	3,575	Michigan	2,649
US Average	3,441	Texas	2,173
New Jersey	3,351	Massachusetts	1,818

SOURCE: US Department of Education: Rehabilitation Services Administration.
 NOTE: This covers only persons with employment outcomes and includes only purchased services.

Texas has a low cost per rehabilitation, although this may be due in part to efficiencies in numbers.

In 1997, Texas had the most vocational rehabilitations with an employment outcome of any state: 23,525.

California was second, with 10,652.

Criminal Justice

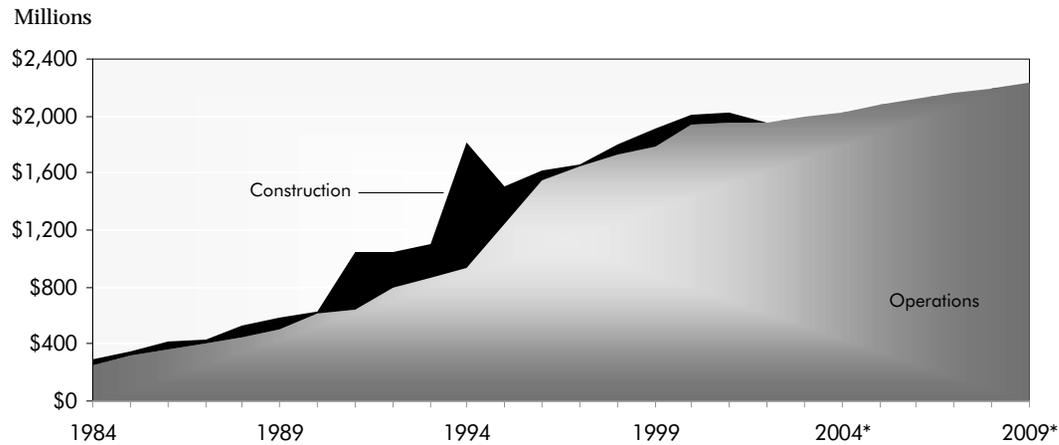
The Texas Department of Criminal Justice has grown more rapidly in expenditures and employment than any other agency or program area of state government.

Texas has expended \$2.8 billion on prison-related construction since 1984. Prison operating costs have increased more than seven times the amounts expended in 1984.

Adult state inmate population has increased by more than 100,000 since 1984, resulting in a population more than four times larger than in 1984.

Expenditures and populations for juvenile corrections have increased dramatically in recent years, but only minor to moderate increases are projected.

Adult Incarceration Expenditures



A significant part of the growth in state government expenditures from 1991 through 1996 has been because of growth in the number of prison facilities.

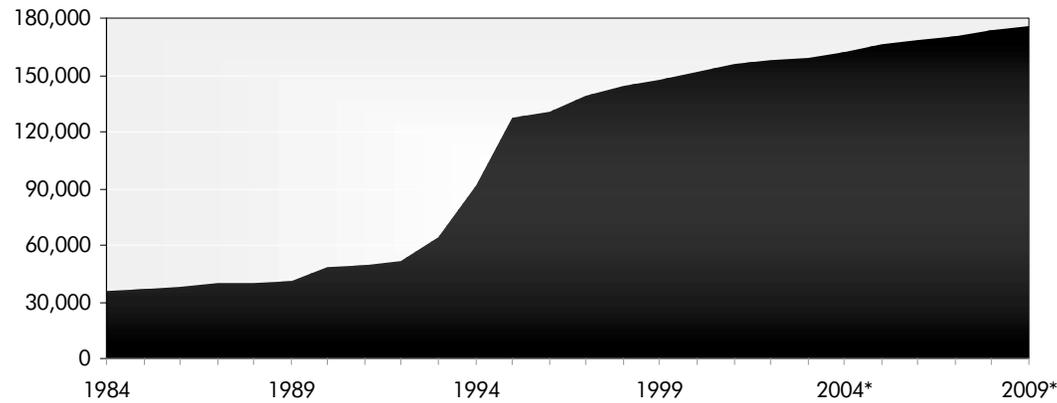
The prison population in Texas has more than tripled in the last decade.

In Millions

Fiscal Year	Operations	Construction	Fiscal Year	Operations	Construction	Fiscal Year	Operations	Construction
1984	\$257	\$40	1990	\$609	\$24	2000*	\$1,940	\$76
1985	322	30	1991	638	410	2001*	1,951	76
1986	367	54	1992	796	256	2002*	1,956	TBD
1987	398	38	1993	861	235	2003*	1,992	TBD
1988	446	88	1994	931	880	2004*	2,021	0
1989	502	91	1995	1,236	275	2005*	2,078	0
			1996	1,554	61	2006*	2,125	0
			1997	1,642	19	2007*	2,160	0
			1998	1,735	67	2008*	2,196	0
			1999	1,783	131	2009*	2,231	0

SOURCES: Legislative Budget Board, Texas Department of Criminal Justice.
 NOTE: Construction for fiscal years 2002 and 2003 has yet to be determined.
 *Projections

Adult Inmate Population



Prison
population is
projected to
increase gradually over
the next few years.

Year	Population	Year	Population	Year	Population
1984	35,772	1990	48,320	2000	151,100
1985	37,320	1991	49,608	2001*	155,269
1986	38,246	1992	51,592	2002*	157,587
1987	39,652	1993	64,313	2003*	159,444
1988	39,664	1994	91,875	2004*	162,514
1989	40,918	1995	127,559	2005*	166,428
		1996	130,904	2006*	168,854
		1997	138,641	2007*	170,950
		1998	143,803	2008*	173,451
		1999	146,930	2009*	175,866

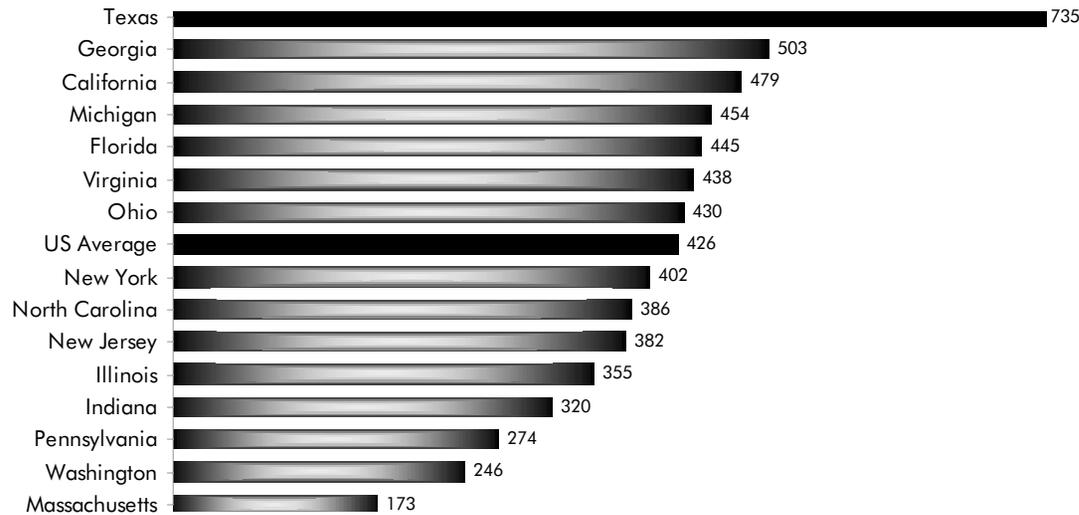
SOURCES: Legislative Budget Board; Criminal Justice Policy Council (1988–June 2000 Forecast); Texas Department of Criminal Justice (Annual Statistical Reports).

NOTE: These are end-of-year actual inmate population numbers and projections.

*Projections

Incarceration Rates Per 100,000 of Population

January 1, 1999, Rankings of the 15 Most-populous States



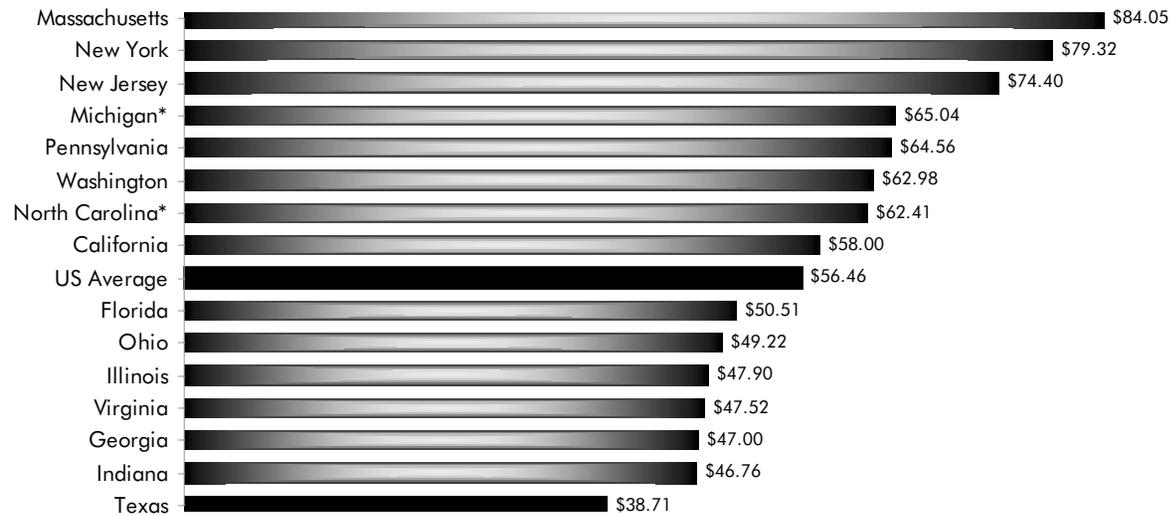
Texas ranks highest among the most-populous states in the incarceration rate per 100,000 population.

State	Inmates Per 100,000 Population	State	Inmates Per 100,000 Population
Texas	735	New York	402
Georgia	503	North Carolina	386
California	479	New Jersey	382
Michigan	454	Illinois	355
Florida	445	Indiana	320
Virginia	438	Pennsylvania	274
Ohio	430	Washington	246
U S Average	426	Massachusetts	173

SOURCE: Criminal Justice Institute (*Corrections Yearbook, 1999*).

Average Cost Per Prison Inmate Per Day

1998 Rankings of the 15 Most-populous States



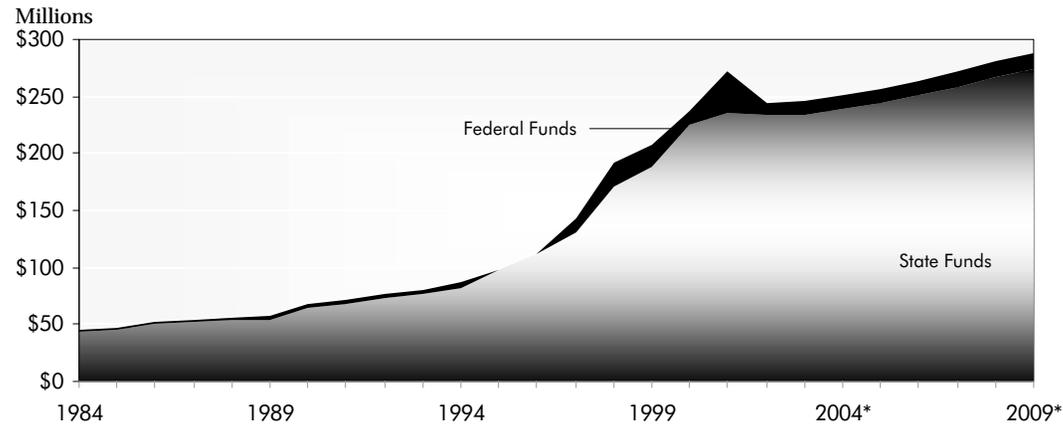
State	Cost Per Day	State	Cost Per Day
Massachusetts	\$84.05	US Average	\$56.46
New York	79.32	Florida	50.51
New Jersey	74.40	Ohio	49.22
Michigan	65.04	Illinois	47.90
Pennsylvania	64.56	Virginia	47.52
Washington	62.98	Georgia	47.00
North Carolina	62.41	Indiana	46.76
California	58.00	Texas	38.71

SOURCE: Criminal Justice Institute (*Corrections Yearbook, 1999*).

*Michigan's and North Carolina's costs are projected.

Texas has reduced its rank in average cost per prison inmate per day to the lowest of the 15 most-populous states.

Youth Incarceration Expenditures



In Millions

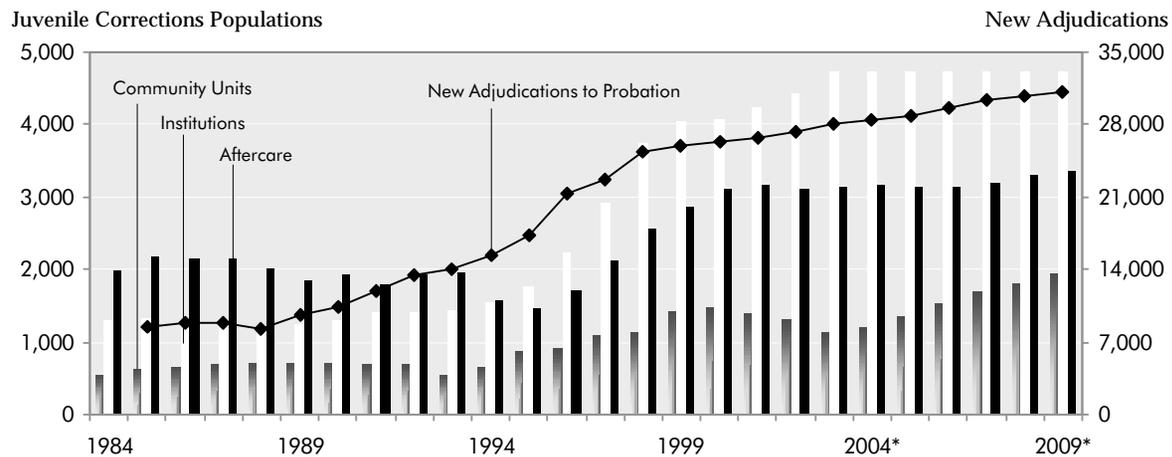
Fiscal Year	State Funds	State Construction Funds	Federal Funds	Total	Fiscal Year	State Funds	State Construction Funds	Federal Funds	Total
1984	\$43.4	\$1.7	\$1.6	\$46.7	1997	\$130.9	\$15.7	\$11.7	\$158.3
1985	45.7	7.4	1.7	47.4	1998	171.6	16.9	19.7	208.2
1986	49.9	2.4	2.0	54.3	1999	187.9	6.5	20.0	214.4
1987	51.6	0.0	2.2	53.8	2000	224.3	7.5	13.1	244.9
1988	53.4	18.8	2.2	74.4	2001*	235.2	15.4	37.4	288.0
1989	54.8	8.0	2.9	65.7	2002*	233.5	0.0	11.5	245.0
1990	65.3	11.8	3.0	80.1	2003*	234.5	0.0	11.8	246.3
1991	68.5	5.6	3.5	77.6	2004*	238.6	0.0	12.1	250.7
1992	73.6	5.7	3.6	82.9	2005*	244.8	0.0	12.4	257.2
1993	76.2	35.0	4.1	115.3	2006*	251.3	0.0	12.7	264.0
1994	82.7	2.2	5.3	90.2	2007*	258.8	0.0	13.0	271.8
1995	96.9	14.1	0.1	111.1	2008*	266.8	0.0	13.3	280.1
1996	112.4	47.5	0.1	160.0	2009*	274.5	0.0	13.6	288.1

SOURCES: Legislative Budget Board; Texas Youth Commission.
*Projections

Expenditures for juvenile corrections are projected to increase somewhat after a period of major expansion.

The peak in 2001 is due to the end of planned construction costs.

Juvenile Corrections Population and Adjudications



Average daily populations for juvenile corrections are projected to increase moderately.

Fiscal Year	New Adjudications to Probation	Community Units	Institutions	Aftercare	Fiscal Year	New Adjudications to Probation	Community Units	Institutions	Aftercare
1984	NA	558	1,301	1,986	1997	22,641	1,090	2,925	2,104
1985	8,434	626	1,310	2,178	1998	25,342	1,136	3,739	2,550
1986	8,871	665	1,188	2,144	1999	26,057	1,429	4,047	2,867
1987	8,791	695	1,181	2,146	2000	26,272	1,482	4,067	3,113
1988	8,293	702	1,182	1,994	2001*	26,653	1,398	4,239	3,168
1989	9,604	716	1,238	1,827	2002*	27,258	1,308	4,411	3,100
1990	10,315	718	1,278	1,936	2003*	28,051	1,119	4,723	3,130
1991	11,870	684	1,392	1,796	2004*	28,550	1,221	4,734	3,166
1992	13,391	692	1,393	1,932	2005*	28,931	1,359	4,734	3,138
1993	14,011	536	1,431	1,941	2006*	29,536	1,536	4,734	3,122
1994	15,388	665	1,525	1,556	2007*	30,329	1,695	4,734	3,200
1995	17,309	888	1,745	1,453	2008*	30,828	1,823	4,734	3,294
1996	21,420	910	2,213	1,715	2009*	31,209	1,951	4,734	3,361

SOURCES: Legislative Budget Board; Texas Youth Commission; Criminal Justice Policy Council.

NOTES: Community units, institutions, and aftercare populations are average daily populations. Community units are residential contract care facilities other than Texas Youth Commission institutions.

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Natural Resources

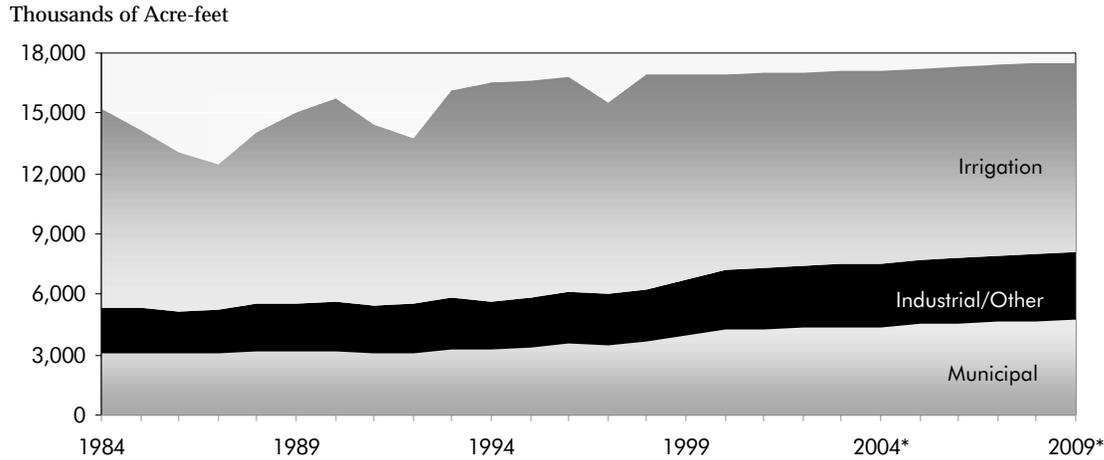
Total statewide water use is expected to increase 11 percent over the next 50 years, while population doubles. Water use will shift from agriculture to cities and industry. Urban water usage will increase 52 percent over that same 50-year period, while agricultural irrigation water usage decreases.

Total annual generation of waste and disposal of municipal waste is expected to decline because of pollution prevention, source reduction, recycling, and waste minimization.

During 2000, there were dramatic increases in oil and gas prices. Prices are projected to continue to rise in 2001, but to decrease in 2002, followed by a gradual rise. Production will continue to decrease because of depletion of resources.

Changes in federal standards for the designation of nonattainment areas for ozone air pollution may result in an increase in the number of nonattainment areas.

Texas Water Consumption



Growth in water consumption will result from increased municipal and industrial usage.

In Thousands of Acre-feet

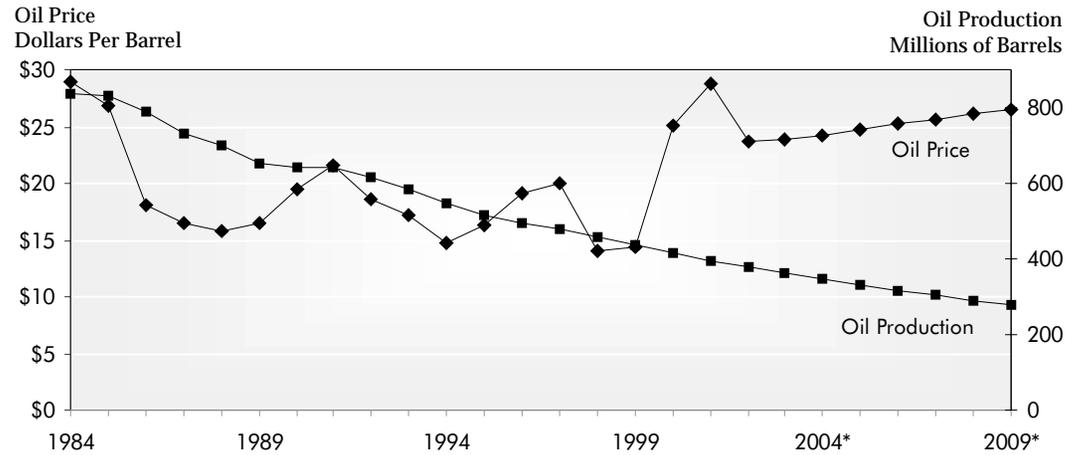
Calendar Year	Municipal	Irrigation	Industrial Other	Total	Calendar Year	Municipal	Irrigation	Industrial Other	Total
1984	3,072	9,932	2,251	15,255	1997	3,429	9,530	2,576	16,105
1985	3,082	8,761	2,257	14,100	1998	3,678	10,639	2,588	16,905
1986	3,059	7,898	2,130	13,086	1999	3,946	10,159	2,781	16,886
1987	3,042	7,255	2,152	12,449	2000*	4,232	9,678	2,987	16,897
1988	3,205	8,431	2,362	13,998	2001*	4,286	9,650	3,028	16,964
1989	3,152	9,523	2,346	15,021	2002*	4,341	9,622	3,069	17,032
1990	3,197	10,123	2,417	15,737	2003*	4,397	9,594	3,110	17,101
1991	3,083	8,961	2,375	14,419	2004*	4,353	9,566	3,152	17,071
1992	3,102	8,262	2,399	13,763	2005*	4,510	9,538	3,195	17,243
1993	3,287	10,327	2,506	16,120	2006*	4,567	9,510	3,238	17,315
1994	3,234	10,784	2,451	16,469	2007*	4,626	9,483	3,282	17,391
1995	3,316	10,781	2,501	16,598	2008*	4,685	9,455	3,326	17,466
1996	3,585	10,632	2,556	16,773	2009*	4,745	9,427	3,371	17,543

SOURCE: Texas Water Development Board.

NOTE: 1991–92 water consumption for power is estimated because actual historical information is not available.

*Projections

Oil and Gas Price and Production



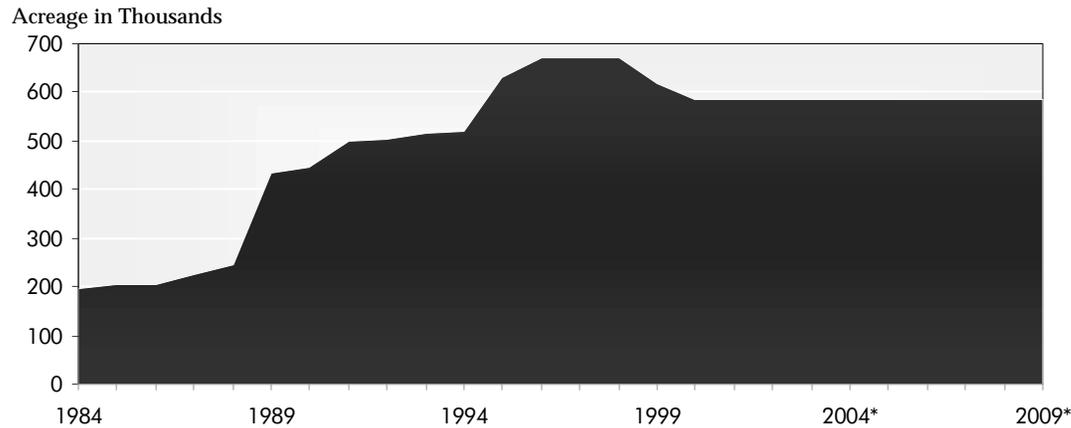
Fiscal Year	Oil Price Dollars Per Barrel	Oil Production Millions of Barrel	Gas Price Dollars Per MCF	Gas Production Millions of MCF	Fiscal Year	Oil Price Dollars Per Barrel	Oil Production Millions of Barrel	Gas Price Dollars Per MCF	Gas Production Millions of MCF
1984	\$29.01	839	\$2.24	5,717	1997	\$20.03	480	\$2.12	3,495
1985	26.87	830	2.25	5,545	1998	14.08	459	2.06	3,497
1986	18.05	788	1.71	5,499	1999	14.37	435	1.69	3,313
1987	16.51	730	1.41	5,123	2000	25.11	414	2.57	3,520
1988	15.81	702	1.43	5,348	2001*	28.71	394	4.10	3,485
1989	16.47	654	1.50	5,164	2002*	23.71	377	3.60	3,373
1990	19.50	640	1.43	5,323	2003*	23.84	361	3.16	3,260
1991	21.55	643	1.38	5,445	2004*	24.25	346	2.96	3,152
1992	18.60	617	1.45	4,902	2005*	24.74	332	2.90	3,036
1993	17.28	582	1.80	4,194	2006*	25.23	318	2.89	2,921
1994	14.72	545	1.76	3,863	2007*	25.63	304	2.93	2,811
1995	16.38	517	1.42	3,658	2008*	26.09	292	2.98	2,705
1996	19.04	497	1.61	3,525	2009*	26.57	279	3.04	2,603

SOURCE: Comptroller of Public Accounts (Fall 2000 Economic Forecast).
*Projections

Due to a decline in reserves, oil production will continue to decrease while prices are projected to gradually increase after 2002.

The sharp increase in prices in 2000 and 2001 is expected to abate somewhat.

Texas State Park System



Fiscal Year	Number of Parks	Acreage in Thousands	Acreage Per Thousand Population	Fiscal Year	Number of Parks	Acreage in Thousands	Acreage Per Thousand Population
1984	119	195.9	12.3	1997	123	671.3	34.5
1985	126	203.8	12.5	1998	123	671.3	34.0
1986	124	206.3	12.5	1999	122	616.9	30.9
1987	127	225.3	13.6	2000	123	587.2	28.9
1988	128	245.7	14.7	2001*	120	586.6	28.3
1989	129	433.4	25.8	2002*	122	587.0	27.9
1990	129	447.1	26.3	2003*	122	587.0	27.4
1991	133	499.0	28.8	2004*	122	587.0	26.9
1992	136	501.5	28.4	2005*	122	587.0	26.5
1993	135	516.1	28.4	2006*	122	587.0	26.0
1994	137	518.7	28.4	2007*	122	587.0	25.6
1995	124	628.8	33.7	2008*	122	587.0	25.2
1996	125	669.3	35.3	2009*	122	587.0	24.7

SOURCE: Texas Parks and Wildlife Department.

NOTE: Acreage is projected to remain unchanged pending results of Texas Tech University needs assessment.

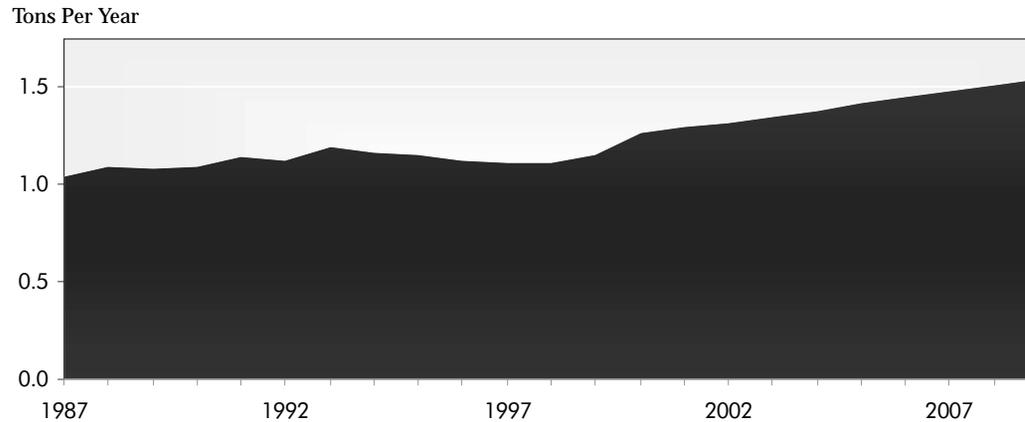
*Projections

The major increase in park acreage in 1989 was due to the acquisition of Big Bend State Park.

No new acquisitions are planned for the Texas state park system.

Municipal Waste Disposal

Disposal Per Capita



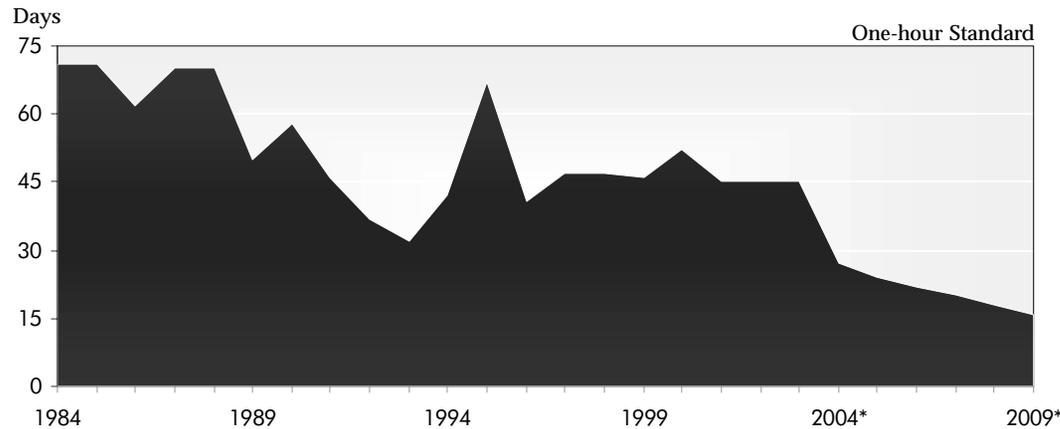
Fiscal Year	Quantity Disposed (Thousand Tons)	Per Capita Disposal (Tons Per Year)	Reduction over 1993 Rate	Fiscal Year	Quantity Disposed (Thousand Tons)	Per Capita Disposal (Tons Per Year)	Reduction over 1993 Rate
1987	17,284	1.0	N/A	1998	22,095	1.1	7.0
1988	18,270	1.1	N/A	1999	23,295	1.2	3.2
1989	18,114	1.1	N/A	2000*	25,791	1.3	-5.5
1990	18,531	1.1	N/A	2001*	26,823	1.3	-7.8
1991	19,970	1.2	N/A	2002*	27,896	1.3	-10.2
1992	19,974	1.1	N/A	2003*	29,011	1.4	-12.7
1993	21,676	1.2	N/A	2004*	30,172	1.4	-15.2
1994	21,517	1.2	2.6	2005*	31,379	1.4	-17.8
1995	21,808	1.2	3.1	2006*	32,634	1.5	-20.4
1996	21,640	1.1	5.9	2007*	33,939	1.5	-23.1
1997	21,738	1.1	7.0	2008*	35,297	1.5	-25.9
				2009*	36,709	1.6	-28.7

SOURCE: Texas Natural Resource Conservation Commission.
*Projections

Much of the past decade saw reductions in per capita municipal solid waste generation due to recycling programs and source reduction.

There is a recent trend, however, toward increased per capita waste generation.

Ozone Exceedence Days in Texas Nonattainment Areas



One-hour Standard

Fiscal Year	Exceedence Days	Fiscal Year	Exceedence Days	Fiscal Year	Exceedence Days
1984	71	1990	58	2000*	52
1985	71	1991	46	2001*	45
1986	62	1992	37	2002*	45
1987	70	1993	32	2003*	45
1988	70	1994	42	2004*	27
1989	50	1995	67	2005*	24
		1996	41	2006*	22
		1997	47	2007*	20
		1998	47	2008*	18
		1999	46	2009*	16

SOURCE: Texas Natural Resource Conservation Commission.

*Projections

In 2000, the Texas Natural Resource Conservation Commission adopted clean air measures for the Dallas, Houston, and Beaumont metropolitan areas. It is anticipated that this may lead to a decline in the number of days when ozone levels exceed current federal standards.

Texas-Mexico Border

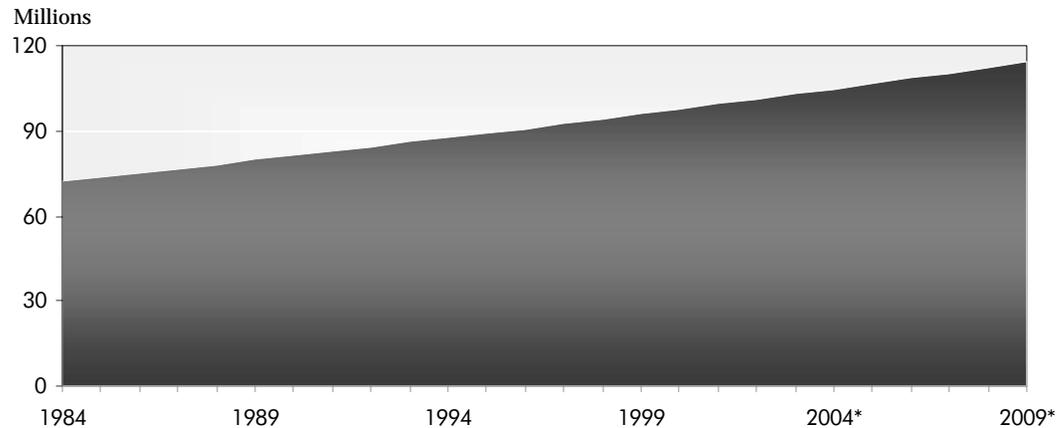
The economic, political, and social relationship between Texas and Mexico will have increasing importance to both governments and their populace.

The population of Mexico is about one-third that of the United States, and Mexico's population growth rate is about three times higher than that of the United States.

The population and income of Mexico are growing, and Texas' exports to Mexico will grow.

The per capita income of Mexico is significantly lower than that of Texas. The per capita income for both Mexico and Texas will increase, but the growth rate for Mexico will be higher.

Population of Mexico



In Millions

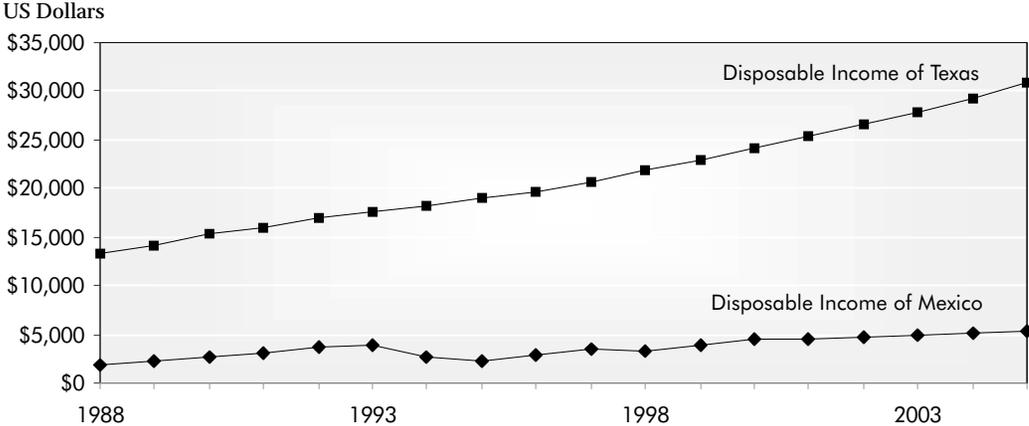
Calendar Year	Population	Calendar Year	Population	Calendar Year	Population
1984	72.4	1990	81.2	2000*	97.5
1985	73.8	1991	82.8	2001*	99.3
1986	75.2	1992	84.4	2002*	101.0
1987	76.7	1993	86.0	2003*	102.9
1988	78.2	1994	87.6	2004*	104.7
1989	79.7	1995	89.2	2005*	106.6
		1996	90.8	2006*	108.5
		1997	92.4	2007*	110.4
		1998	94.1	2008*	112.3
		1999	95.8	2009*	114.3

SOURCE: The WEFA Group (*Latin America Economic Outlook Forecast Quarter Four 2000*).

*Projections

Although the population of Mexico is about one-third that of the United States, Mexico's population growth rate is about three times higher.

Comparison of Per Capita Disposable Incomes in Mexico and Texas



Projected per capita disposable incomes for both Texas and Mexico are showing steady growth.

After 1998, the rate of growth is slightly higher for Mexico.

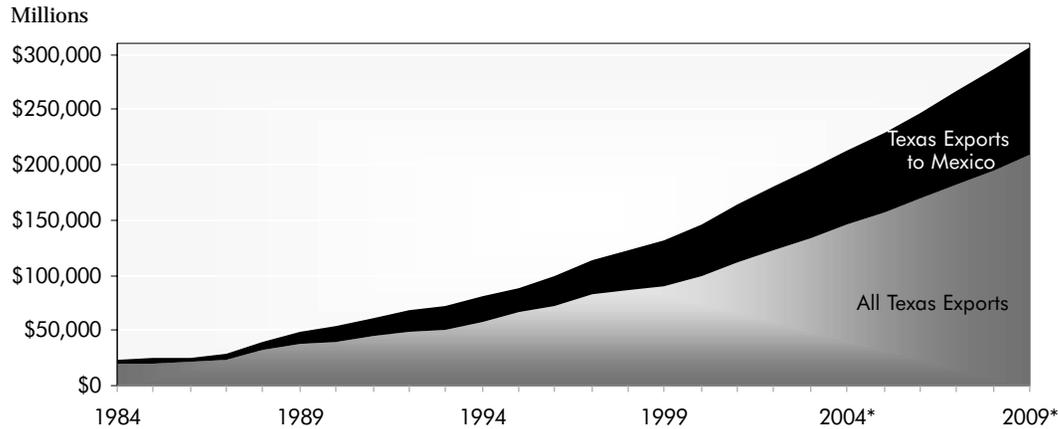
In US Dollars

Year	Disposable Income of Mexico Per Capita	Disposable Income of Texas Per Capita	Year	Disposable Income of Mexico Per Capita	Disposable Income of Texas Per Capita
1988	\$1,916	\$13,285	1997	\$3,423	\$20,699
1989	2,166	14,162	1,998	3,236	21,824
1990	2,617	15,284	1,999	3,901	22,912
1991	3,160	16,047	2000*	4,438	24,061
1992	3,602	16,891	2001*	4,552	25,341
1993	3,926	17,579	2002*	4,742	26,577
1994	2,683	18,153	2003*	4,913	27,886
1995	2,185	19,013	2004*	5,122	29,318
1996	2,814	19,633	2005*	5,349	30,842

SOURCES: CIEMAX-WEFA (*Latin America Economic Outlook Forecast Quarter Four 2000*); Comptroller of Public Accounts (*Fall 2000 Economic Forecast*).

NOTES: Disposable income is personal income minus taxes. Mexico's disposable income is by calendar year, while Texas' disposable income is by fiscal year.

Texas Exports to Mexico



As the population and income of Mexico increase, Texas' exports to Mexico should also increase.

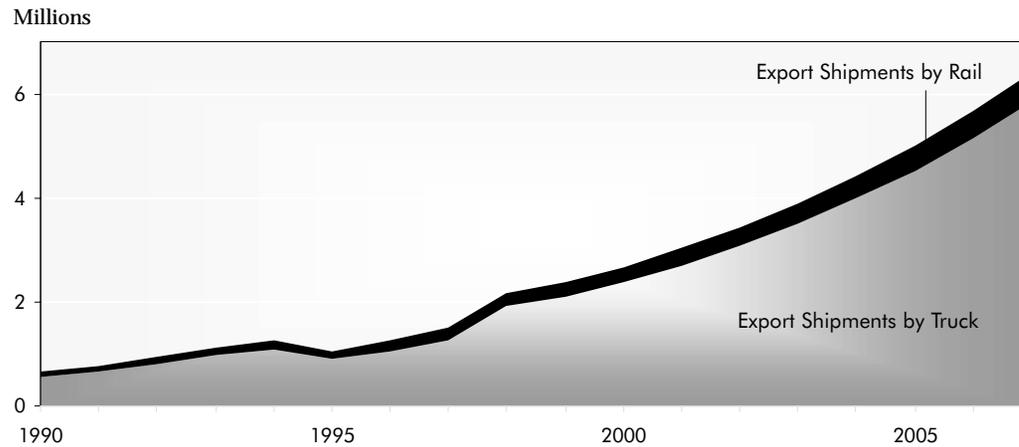
In Millions

Calendar Year	Texas' Exports to Mexico	All Texas Exports	Exports to Mexico as a Percentage of All Texas Exports	Calendar Year	Texas' Exports to Mexico	All Texas Exports	Exports to Mexico as a Percentage of All Texas Exports
1984	\$4,006	\$19,888	0.2%	1997	\$31,173	\$82,411	37.8%
1985	4,717	20,054	23.5	1998	36,328	86,072	42.2
1986	4,406	20,881	21.1	1999	41,413	89,288	46.4
1987	5,350	23,024	23.2	2000*	46,170	99,544	46.4
1988	8,020	32,524	24.7	2001*	51,846	111,781	46.4
1989	11,011	37,235	29.6	2002*	57,046	122,993	46.4
1990	13,288	40,332	32.9	2003*	62,017	133,710	46.4
1991	15,485	45,832	33.8	2004*	67,297	145,095	46.4
1992	18,839	49,231	38.3	2005*	72,669	156,678	46.4
1993	20,380	51,147	39.8	2006*	78,283	168,781	46.4
1994	23,850	57,933	41.2	2007*	84,349	181,860	46.4
1995	21,863	66,918	32.7	2008*	90,556	195,243	46.4
1996	27,037	72,262	37.4	2009*	97,090	209,329	46.4

SOURCES: Comptroller of Public Accounts (*Fall 2000 Economic Forecast*); Texas Department of Economic Development.

*Projections

Export Shipments by Truck and Rail from Texas into Mexico



After a small decline in 1995 due to the devaluation of the peso, Texas' exports to Mexico have increased and will continue to do so.

In Millions

Fiscal Year	Export Shipments by Truck	Export Shipments by Rail	Fiscal Year	Export Shipments by Truck	Export Shipments by Rail
1990	553,862	97,347	2000*	2,379,818	298,956
1991	669,861	118,189	2001*	2,705,462	328,094
1992	805,706	143,671	2002*	3,075,666	360,072
1993	974,017	147,276	2003*	3,496,527	395,167
1994	1,102,446	171,103	2004*	3,974,977	433,683
1995	909,266	155,918	2005*	4,518,897	475,953
1996	1,063,643	199,632	2006*	5,137,243	522,343
1997	1,268,229	235,515	2007*	5,840,202	573,254
1998	1,942,091	237,395			
1999	2,093,370	272,405			

SOURCES: Border Trade Institute; Texas A&M International University.

NOTE: Projections are based on the average five-year growth rate from 1994 to 1999.

*Projections

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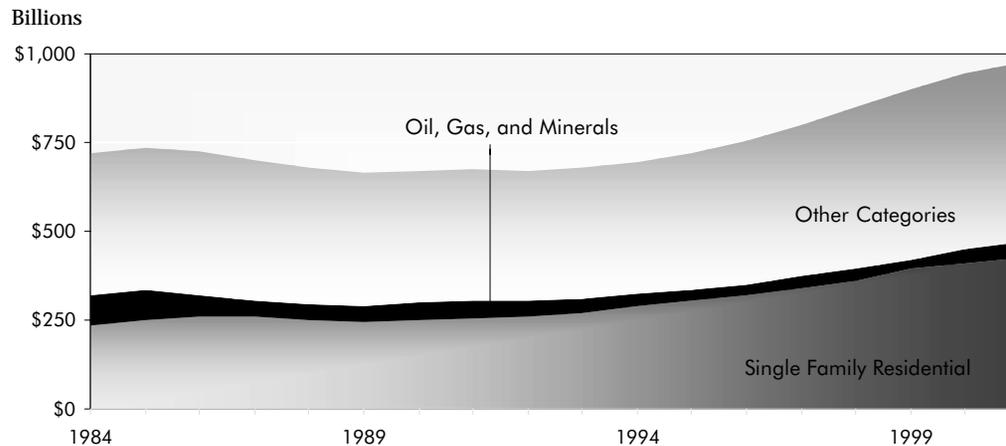
Local Government

Local governments have direct expenditures one and a half times as great as those of state government, and they have more than five times as much bond debt.

In current dollars (not adjusted for inflation), single-family residential property values have made up for the decline in oil and gas property values.

On the other hand, net property values per capita in constant dollars have declined significantly and will continue to do so, but at a slower rate.

Components of Local Property Tax Base



In Billions

Calendar Year	Single-Family Residential	Oil, Gas, and Minerals	Other Categories	Total Market Value
1984	\$236	\$86	\$399	\$720
1985	252	84	397	733
1986	260	62	404	726
1987	258	47	397	702
1988	252	45	384	680
1989	247	43	376	666
1990	251	48	371	670
1991	255	49	371	674
1992	259	45	366	670
1993	270	42	367	679
1994	289	36	372	697
1995	303	32	385	720
1996	319	30	405	755
1997	338	37	425	801
1998	362	35	451	848
1999	395	25	480	900
2000*	411	37	496	944
2001*	425	45	506	976

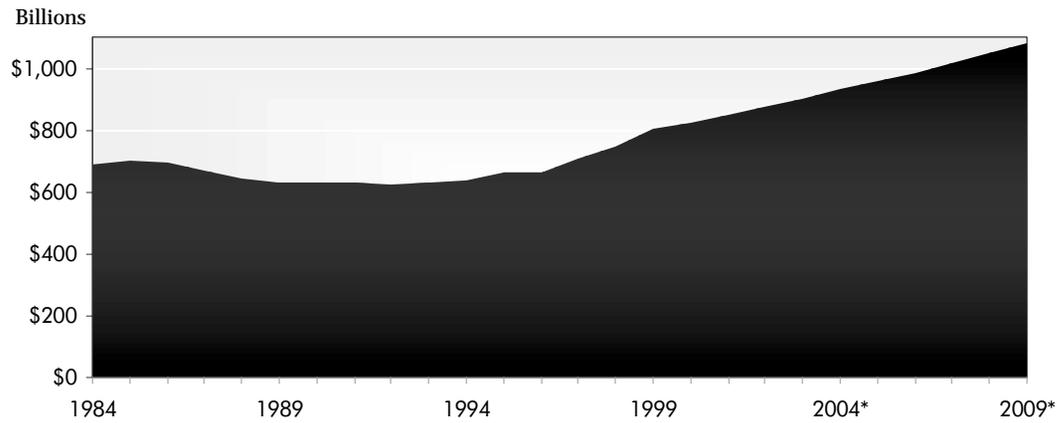
SOURCES: Texas Taxpayer and Research Association (*Property Tax Rates, Burdens and Appraisal Ratios*); Comptroller of Public Accounts.

NOTE: Other Categories include multi-family residential, vacant lots, rural real property, industrial real property, vehicles, utilities, commercial personal property, industrial property, intangible personal property, and real property inventory.

*Projections

The decrease in oil, gas, and minerals taxable values has been more than offset by an increase in single-family residential values.

Net Property Values



Net
property values
will increase
moderately.

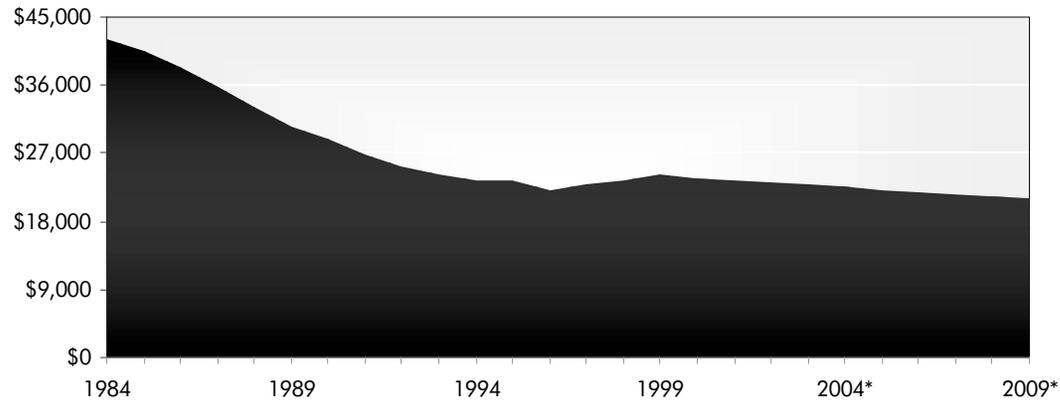
In Billions

Fiscal Year	Net Property Values	Fiscal Year	Net Property Values	Fiscal Year	Net Property Values
1984	\$691	1990	\$632	2000*	\$826
1985	702	1991	629	2001*	851
1986	692	1992	621	2002*	876
1987	669	1993	628	2003*	903
1988	646	1994	637	2004*	930
1989	631	1995	661	2005*	958
		1996	661	2006*	986
		1997	709	2007*	1,016
		1998	749	2008*	1,046
		1999	802	2009*	1,078

SOURCES: Legislative Budget Board; Comptroller of Public Accounts.

*Projections

Net Property Values Per Capita, Constant Dollars



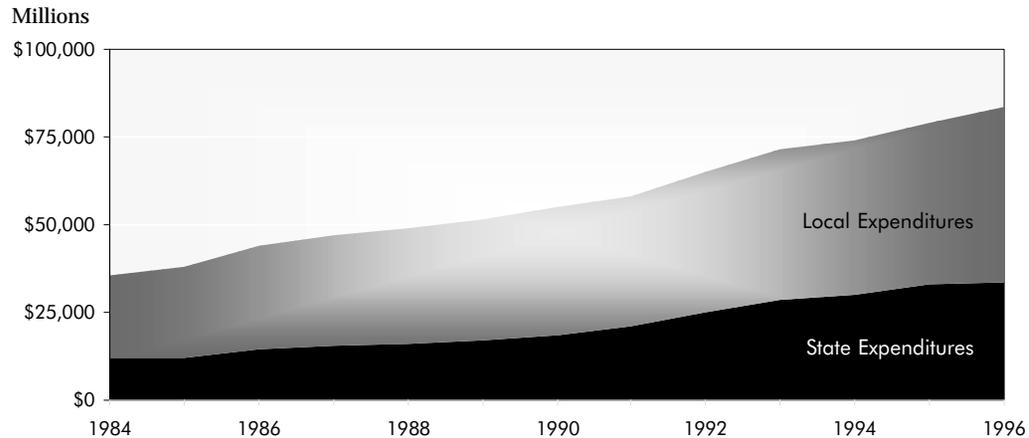
Decreases in net property values per capita in constant dollars have significant implications for local property tax rates.

Fiscal Year	Per Capita	Per Capita Constant Dollars	Fiscal Year	Per Capita	Per Capita Constant Dollars	Fiscal Year	Per Capita	Per Capita Constant Dollars
1984	\$43,249	\$42,037	1990	\$37,206	\$28,894	2000*	\$40,603	\$23,784
1985	43,219	40,515	1991	36,256	26,801	2001*	40,107	23,442
1986	41,908	38,333	1992	35,173	25,244	2002*	41,619	23,165
1987	40,264	35,798	1993	34,828	24,256	2003*	42,140	22,852
1988	38,754	33,093	1994	34,661	23,520	2004*	42,670	22,520
1989	37,568	30,633	1995	35,302	23,302	2005*	43,208	22,197
			1996	34,556	22,187	2006*	43,754	21,902
			1997	36,472	22,812	2007*	44,308	21,631
			1998	37,906	23,325	2008*	44,869	21,366
			1999	40,109	24,218	2009*	45,437	21,105

SOURCES: Legislative Budget Board; Comptroller of Public Accounts (*Fall 2000 Economic Forecast*).

*Projections

State and Local Government Direct Expenditures



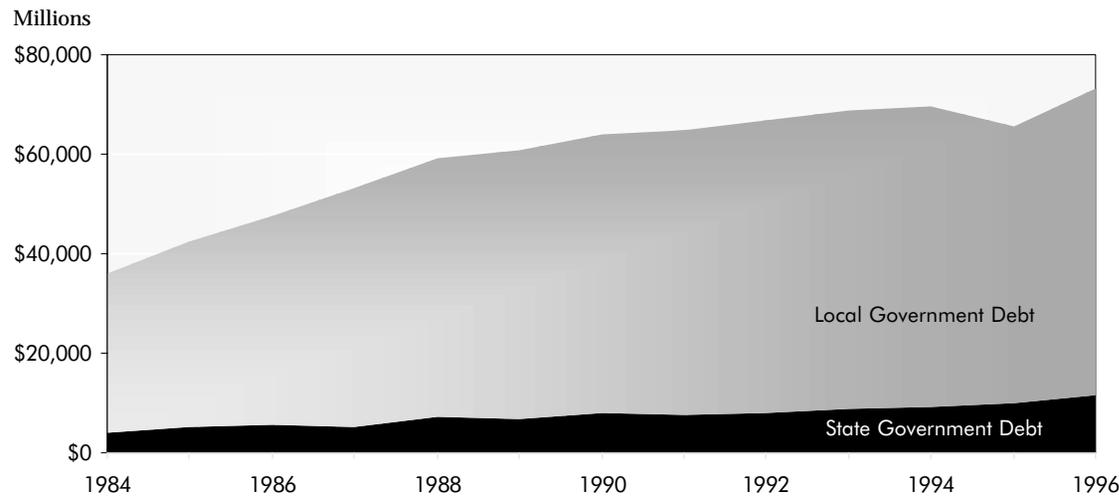
State
direct expenditures
have grown
slightly faster
than local
direct expenditures
since 1987.

In Millions

Year	State Government	Local Government	State as a Percentage of Total	Year	State Government	Local Government	State as a Percentage of Total
1984	\$11,915	\$23,416	33.7	1990	\$18,685	\$36,395	33.9
1985	12,069	26,070	31.6	1991	21,237	36,850	36.6
1986	14,635	29,173	33.4	1992	24,980	39,946	38.5
1987	15,438	31,788	32.7	1993	28,707	42,988	40.0
1988	16,164	32,900	32.9	1994	29,875	44,021	40.4
1989	17,057	34,405	33.1	1995	33,010	46,065	41.7
				1996	33,717	49,778	40.4

SOURCE: US Bureau of the Census.

Outstanding State and Local Government Debt in Texas



Local government debt was more than five times greater than state government debt in 1996.

In Millions

Year	State Government Debt	Local Government Debt	Year	State Government Debt	Local Government Debt
1984	\$4,009	\$32,112	1990	\$7,864	\$56,264
1985	5,193	37,196	1991	7,687	57,179
1986	5,432	42,272	1992	8,001	58,838
1987	5,329	47,945	1993	8,684	59,925
1988	7,120	52,200	1994	9,378	60,328
1989	6,665	54,311	1995	9,922	55,816
			1996	11,654	61,413

SOURCE: US Bureau of the Census.

NOTE: Short-term debt is not included in state government debt.

Glossary

CONSTANT DOLLARS - current dollars adjusted for inflation, with 1982–84 as the base.

CORPORATE BUSINESS PROFITS - federal corporate taxable income for all types of corporations is used to estimate Texas corporation profits.

ICF-MR - Intermediate Care Facilities for the Mentally Retarded are part of the Department of Mental Health and Mental Retardation. This Medicaid-funded program provides care and treatment services for persons with mental retardation in state school and community-based facilities and group homes.

LOCAL REVENUE FOR PUBLIC EDUCATION - local share of the Foundation School Program, generated from local property taxes.

MEDICAID - a joint federal/state entitlement program that pays for medical care on behalf of certain groups of low-income persons. This program was initiated under Title XIX of the Social Security Act.

NET PROPERTY VALUE - the base which tax levies are made; this includes all types of taxable properties. It is the total property value less exemptions, abatements, and productivity value loss.

NURSING HOMES - a Medicaid-funded program providing payments for services to eligible patients who require 24-hour nursing care.

PARTNERSHIP BUSINESS PROFITS - net income from general partnerships, exclusive of limited partnerships. General partnerships are structured such that all partners are jointly and severally liable. Federal partnership taxable income is used to estimate Texas profits.

SOLE PROPRIETORSHIP PROFITS - individually owned businesses. Texas sole proprietorship business profits are estimated based on sole proprietorship profits reported on federal individual income tax returns.

STATE AID FOR PUBLIC EDUCATION - Foundation School Program (FSP) formula funding (Tiers 1 and 2) and Available School Fund per capita allotment. State aid does not include redistributed local revenue.

TANF - Temporary Assistance for Needy Families; prior to 1996 known as Aid to Families with Dependent Children. This is a joint state/federal program which provides monthly cash payments, child protective services, employment and training services, adult education, and alcohol- and drug-abuse prevention and inter-

vention services to eligible low-income families.

TEXAS GROSS STATE PRODUCT (GSP) - the gross market value of the goods and services attributable to labor and property located in the state. It is the state counterpart of the nation's gross domestic product (GDP).

TEXAS PERSONAL INCOME - the current income received by persons from all sources minus their personal contributions to social insurance. Personal income includes transfers from government and business such as Social Security benefits.

VOCATIONAL REHABILITATION - a state and federally funded program run by the Texas Rehabilitation Commission. It provides rehabilitative services and places people with disabilities in competitive employment or other appropriate settings consistent with consumer choice and abilities.

WIC - Special Supplemental Nutrition Program for Woman, Infants, and Children is a federal program administered by the Department of Health that provides food benefits to eligible low-income clients, nutrition education and counseling, and training on nutrition topics for health professionals.